

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

If you have sold or otherwise transferred all of your Existing Ordinary Shares, please immediately forward this document, together with the accompanying Proxy Form, 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. However, those documents should not be forwarded to or sent into the United States or any of its territories, Canada, Australia, Japan or the Republic of South Africa. If you have sold only part of your holding of Existing Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The Existing Ordinary Shares are admitted to trading on AIM. Conditional upon completion of the Placing 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 to trading on AIM and dealings in the Placing Shares will commence at 8.00 a.m. on 24 July 2017.

The securities referred to in this document will only be available to qualified investors for the purposes of the Prospectus Rules or otherwise in circumstances not resulting in an offer of transferable securities to the public under section 102B of FSMA. The Fundraising does not constitute an offer to the public requiring an approved prospectus under section 85 and schedule 11A of FSMA and accordingly this document is not, and is not required to be, a prospectus for the purposes of the Prospectus Rules and has not been prepared in accordance with the Prospectus Rules. Accordingly, this document has not been, and will not be, reviewed or approved by the Financial 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. In addition, this document does not constitute an admission document drawn up in accordance with the AIM Rules for Companies.

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. The London Stock Exchange has not itself examined or approved the contents of this document. A prospective investor should consider carefully whether an investment in the Company is suitable for him in the light of his personal circumstances and the financial resources available to him.

Hurricane Energy plc

(Incorporated and registered in England and Wales under the Companies Act 2006 with registered No. 05245689)

US\$520 million Proposed Fundraising to Fully Finance the Lancaster Early Production System

and

Notice of General Meeting

Your attention is drawn to the letter from the Chairman of the Company which is set out in Part I of this document and which recommends you to vote in favour of the Resolutions to be proposed at the General Meeting referred to below. Attention is also drawn to the Risk Factors set out in Part II of this document.

Cenkos Securities plc (“Cenkos”), which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser and Joint Bookrunner to the Company in relation to the Fundraising and is not acting for any other persons in relation to the Fundraising. Cenkos is acting exclusively for the Company and for no one else in relation to the matters described in this document and is not advising any other person and accordingly will not be responsible to anyone other than the Company for providing the protections afforded to clients of Cenkos, or providing advice in relation to the contents of this document or any matter referred to in it. Cenkos has not authorised the contents of, or any part of, this document, is not making any representation or warranty, express or implied, as to the contents of this document and nor shall it have any liability whatsoever (in negligence or otherwise) for any loss whatsoever arising from any use of this document, its contents or otherwise arising in connection with this document (including any omission of information from this document). Nothing in this paragraph shall serve to exclude or limit any responsibilities which Cenkos may have under the FSMA or the regulatory regime established thereunder.

Stifel Nicolaus Europe Limited (“Stifel”), which is authorised and regulated in the United Kingdom by the FCA, is acting as Joint Bookrunner to the Company in relation to the Fundraising and is not acting for any other persons in relation to the Fundraising. Stifel is acting exclusively for the Company and for no one else in relation to the matters described in this document and is not advising any other person and accordingly will not be responsible to anyone other than the Company for providing the protections afforded to clients of Stifel, or providing advice in relation to the contents of this document or any matter referred to in it. Stifel has not authorised the contents of, or any part of, this document, is not making any representation or warranty, express or implied, as to the contents of this document and nor shall it have any liability whatsoever (in negligence or otherwise) for any loss whatsoever arising from any use of this document, its contents or otherwise arising in connection with this document (including any omission of information from this document). Nothing in this paragraph shall serve to exclude or limit any responsibilities which Stifel may have under the FSMA or the regulatory regime established thereunder.

Evercore Partners International LLP (“Evercore”), which is authorised and regulated in the United Kingdom by the FCA, is acting as financial adviser to the Company in relation to the Fundraising and is not acting for any other persons in relation to the Fundraising. Evercore is acting exclusively for the Company and for no one else in relation to the matters described in this document and is not advising any other person and accordingly will not be responsible to anyone other than the Company for providing the protections afforded to clients of Evercore, or providing advice in relation to the contents of this document or any matter referred to in it. Evercore has not authorised the contents of, or any part of, this document, is not making any representation or warranty, express or implied, as to the contents of this document and nor shall it have any liability whatsoever (in negligence or otherwise) for any loss whatsoever arising from any use of this document, its contents or otherwise arising in connection with this document (including any omission of information from this document). Nothing in this paragraph shall serve to exclude or limit any responsibilities which Evercore may have under the FSMA or the regulatory regime established thereunder.

Notice of a General Meeting of the Company, to be held at the offices of Dentons UKMEA LLP at One Fleet Place, London, EC4M 7RA at 10.00 a.m. on 21 July 2017, is set out at the end of this document. To be valid, the accompanying Proxy Form for use in connection with the meeting should be completed and returned as soon as possible and, in any event, so as to reach the Company’s registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, by no later than 10.00 a.m. on 19 July 2017. Completion and return of a Proxy Form will not preclude Shareholders from attending and voting at the General Meeting should they so wish. Alternatively, you may appoint a proxy electronically in accordance with the instructions in Note 7 of the Notice of General Meeting set out at the end of this document. CREST members may use the CREST electronic proxy appointment service, instructions for which are contained in Note 8 of the Notice of General Meeting.

The securities referred to in this document have not been nor will be registered under the US Securities Act of 1933, as amended (the “US Securities Act”) or under the applicable state securities laws of the United States or under the applicable securities laws of Canada, Australia, Japan or the Republic of South Africa. Subject to certain exceptions, the securities referred to in this document may not be offered, sold, taken up, delivered or transferred in or into Canada, Australia, Japan or the Republic of South Africa. The securities referred to in this document may not be offered, sold or transferred, directly or indirectly, within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and the securities laws of any state or other jurisdiction of the United States. No public offering of the securities referred to in this document is being made in the United States, the United Kingdom or elsewhere.

Forward-looking statements

This document contains ‘forward-looking statements’ concerning the Group that are subject to risks and uncertainties. Generally, the words ‘will’, ‘may’, ‘should’, ‘continue’, ‘believes’, ‘targets’, ‘plans’, ‘expects’, ‘aims’, ‘intends’, ‘anticipates’ or similar expressions or negatives thereof identify forward-looking statements. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of the Group’s operations; and (iii) the effects of government regulation on the Group’s business.

These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the Group’s ability to control or estimate precisely, such as (i) price fluctuations in crude oil and natural gas; (ii) changes in demand for the Group’s respective products; (iii) currency fluctuations; (iv) drilling and production results; (v) reserves estimates; (vi) loss of market share and industry competition; (vii) environmental and physical risks; (viii) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; (ix) legislative, fiscal and regulatory developments including regulatory measures addressing climate change; (x) economic and financial market conditions in various countries and regions; (xi) political risks, including the risks of renegotiation of the terms of contracts with governmental entities, delays or advancements in the approval of projects and delays in the reimbursement of shared costs; and (xii) changes in trading conditions. The Company cannot give any assurance that such forward-looking statements will prove to have been correct. The reader is cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. The Company does not undertake any obligation to update or revise publicly any of the forward-looking statements set out herein, whether as a result of new information, future events or otherwise, except to the extent legally required.

Nothing contained herein shall be deemed to be a forecast, projection or estimate of the future financial performance of the Group or any other person following the implementation of the Fundraising or otherwise.

The price of shares and the income from them may go down as well as up and investors may not get back the full amount invested on disposal of the shares. Past performance is no guide to future performance and persons who require advice should consult an independent financial adviser.

CONTENTS

FUNDRAISING STATISTICS	4
EXPECTED TIMETABLE OF PRINCIPAL EVENTS	4
DEFINITIONS	5
GLOSSARY	8
PART I LETTER FROM THE CHAIRMAN OF HURRICANE ENERGY PLC	12
PART II RISK FACTORS	24
NOTICE OF GENERAL MEETING	40

FUNDRAISING STATISTICS

Placing Price	32p
Number of Placing Shares	731,222,213
Number of Existing Ordinary Shares in issue as at the date of this document	1,227,988,123
Enlarged Share Capital following Admission	1,959,210,336
Percentage of the Enlarged Share Capital represented by the Placing Shares	37.3 per cent.
Gross proceeds of the Placing	US\$300 million
Gross proceeds of the Convertible Bond Offering	US\$220 million*
Gross proceeds of the Fundraising	US\$520 million*

**Before any exercise of the over-allotment option*

Note

Any reference to gross proceeds or any other reference to a quantum of the Placing in this document stated in US\$ assumes an exchange rate of 1:1.2821, being the exchange rate between pound sterling and the US dollar on 29 June 2017.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Posting of this document and Proxy Forms	4 July 2017
Latest time and date for receipt of Proxy Forms	10.00 a.m. on 19 July 2017
General Meeting	10.00 a.m. on 21 July 2017
Admission effective and dealings in Placing Shares expected to commence on AIM	8.00 a.m. on 24 July 2017

Notes:

1. Each of the times and dates in the above timetable, and shown elsewhere in this document, are indicative only and if any of the details contained in the timetable above should change, the revised times and dates will be notified to Shareholders by means of an announcement through a Regulatory Information Service.
2. All of the above times refer to London time unless otherwise stated.
3. All events listed in the above timetable following the General Meeting are conditional on the passing of the Resolutions at the General Meeting.

DEFINITIONS

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

“ Admission ”	admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules
“ AIM ”	the AIM market operated by the London Stock Exchange
“ AIM Rules ”	the rules published by the London Stock Exchange entitled AIM Rules for Companies in force from time to time
“ Bluewater ”	Bluewater Holding B.V.
“ Bluewater EPC Contract ”	the engineering, procurement and construction contract dated 23 June 2017 between Bluewater Energy Services BV and HGLA
“ Bluewater Group ”	Bluewater, its subsidiaries, and its subsidiary undertakings
“ BP ”	BP plc
“ Cenkos ”	Cenkos Securities plc
“ Charter ”	the bareboat charter agreement in respect of the FPSO dated 23 June 2017 between Bluewater (Aoka Mizu) N.V. and HGLA
“ Company ” or “ Hurricane ”	Hurricane Energy plc, a company registered in England and Wales with company number 05245689
“ Convertible Bonds ”	the US\$220 million of convertible bonds due 2022, subject to an over-allotment option of US\$10 million, convertible into the Ordinary Shares of the Company, to be issued by the Company pursuant to the Convertible Bond Offering
“ Convertible Bond Conversion ”	the conversion of any Convertible Bonds into fully paid Ordinary Shares in accordance with the terms and conditions of the Convertible Bonds
“ Convertible Bond Offering ”	the offering of the Convertible Bonds which was launched on 29 June 2017, and the subsequent settlement of the Convertible Bonds which is expected to take place on or about 24 July 2017
“ CPR ”	Competent Person’s Report
“ CREST ”	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in such regulations)
“ Directors ” or “ Board ”	the directors of the Company as at the date of this document, or any duly authorised committee thereof
“ Enlarged Share Capital ”	the issued Ordinary Shares immediately following Admission
“ EPS ”	the early production system on Lancaster as described more fully in this document
“ Existing Ordinary Shares ”	the 1,227,988,123 Ordinary Shares currently in issue at the date of this document
“ FCA ”	the Financial Conduct Authority
“ FFD ”	full field development of the Lancaster Field

“FID”	final investment decision
“First Oil”	first oil production from the EPS development at the Company’s Lancaster field, West of Shetland
“FPSO”	the Curaçao flag floating production storage and offloading vessel, the Aoka Mizu
“FSMA”	the Financial Services and Markets Act 2000, as amended
“Fundraising”	the Placing and the Convertible Bond Offering
“General Meeting”	the general meeting of the Company convened for 10.00 a.m. on 21 July 2017, notice of which is set out in this document, and any adjournment thereof
“Group”	the Company, its subsidiaries, and its subsidiary undertakings
“Halifax”	the Group’s prospect West of Shetland known as Halifax, lying in the north east of the Lancaster discovery
“HGLA”	Hurricane GLA Limited
“Joint Bookrunners”	Cenkos and Stifel
“Kerogen Capital”	Kerogen Investments No.18 Limited
“Lancaster”	the Group’s wholly owned oil discovery West of Shetland known as Lancaster
“Lincoln”	the Group’s wholly owned oil discovery West of Shetland known as Lincoln
“London Stock Exchange”	London Stock Exchange plc
“Notice of General Meeting”	the notice convening the General Meeting which is set out on page 40 of this document
“Ordinary Shares”	ordinary shares of £0.001 each in the capital of the Company
“Petrofac”	the Well Engineering arm of Petrofac Facilities Management Limited
“Placing”	the conditional placing of the Placing Shares at the Placing Price by the Joint Bookrunners, details of which are set out in this document
“Placing Agreement”	the conditional agreement dated 29 June 2017 between the Company and the Joint Bookrunners relating to the Placing, as described in paragraph 8 of Part I of the letter from the Chairman of the Company included in this document
“Placing Price”	32 pence per Placing Share
“Placing Shares”	the 731,222,213 new Ordinary Shares to be issued by the Company pursuant to the Placing
“POSA”	the production operations and services agreement dated 23 June 2017 between Bluewater Lancaster Production (UK) Limited and HGLA
“Project”	the development and operation of the EPS

“Project Documents”	the Bluewater EPC Contract, the POSA, the Charter, the TechnipFMC Integrated EPCI Contract and the Well Management Contract
“Prospectus Rules”	the rules made for the purposes of Part VI of FSMA in relation to offers of securities to the public and admission of securities to trading on a regulated market
“Proxy Form”	the form of proxy for use in connection with the General Meeting which accompanies this document
“Regulatory Information Service”	a regulatory information service that is approved by the FCA as meeting primary information provider criteria and that is on the list of regulatory information services maintained by the FCA
“Resolutions”	the resolutions set out in the Notice of General Meeting
“Rona Ridge”	a prominent NE–SW-trending basement high which acts as a structural feature separating the Faroe–Shetland Basin from the West of Shetland and the East Solan basins
“RPS”	RPS Energy Consultants Limited
“RPS 2017 CPR”	the Group’s Competent Person’s Report dated 2 May 2017 prepared by RPS
“Shareholders”	holders of Ordinary Shares
“Stifel”	Stifel Nicolaus Europe Limited
“TechnipFMC”	TechnipFMC Plc
“TechnipFMC Integrated EPCI Contract”	the engineering, procurement, construction and installation contract dated 23 June 2017 between Technip FMC Group and HGLA for the provision of SURF and SPS to the Project
“The International Stock Exchange”	the International Stock Exchange headquartered in Guernsey
“UKCS”	the UK Continental Shelf
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“US\$” and “US dollar”	United States Dollars, the lawful currency of the United States of America
“US Securities Act”	the US Securities Act of 1933, as amended
“Warwick”	the Group’s prospect West of Shetland known as Warwick, lying to the south-west of the Lancaster discovery
“Well Management Contract”	the contract for the provision of well engineering, well operations management and well operator services dated 24 June 2016 between Petrofac and the Company
“West of Shetland” or “WoS”	the part of the UKCS located to the west of the Shetland Islands
“£” and “pence”	respectively, pounds and pence sterling, the lawful currency of the United Kingdom

GLOSSARY

The following glossary of terms applies throughout this document, unless the context otherwise requires:

2C	denotes a best estimate scenario of Contingent Resources
2D seismic	seismic data acquired in a single traverse or series of traverses. 2D seismic data provides single cross sections
3D seismic	seismic data acquired as multiple, closely spaced traverses. 3D seismic data typically provides a more detailed and accurate image of the subsurface than 2D seismic
API	American Petroleum Institute gravity
appraisal	the phase of petroleum operations immediately following a successful discovery. Appraisal is carried out to determine size, production rate and the most efficient development of a field
appraisal well	a well drilled as part of an appraisal of a field
aquifer	a water-bearing portion of a petroleum reservoir which can act as a reservoir-drive mechanism, driving the oil through the reservoir. As the reservoir depletes, the water moving in from the aquifer below displaces the oil until the aquifer energy is expended or the well eventually produces too much water to be viable
Christmas Tree	an assembly of valves, spools, and fittings used for an oil well and other types of wells
CO₂	carbon dioxide
Contingent Resources	these are resources that are potentially recoverable but not yet considered mature enough for commercial development due to technological or business hurdles. For contingent resources to move into the Reserves category, the key conditions, or contingencies, that prevented commercial development must be clarified and removed. As an example, all required internal and external approvals should be in place or determined to be forthcoming, including environmental and governmental approvals. There also must be evidence of firm intention by a company's management to proceed with development within a reasonable time frame (typically five years, though it could be longer)
discovery	an exploration well which has encountered oil and gas for the first time in a structure
DST	drill stem test
EPC	engineering, procurement and construction
EPCI	engineering, procurement, construction and installation
ESP	electrical submersible pump
exploration	the phase of operations which covers the search for oil or gas by carrying out detailed geological and geophysical surveys followed up where appropriate by exploratory drilling

exploration well	a well drilled to find hydrocarbons in an unproved area or to extend significantly a known oil or natural gas reservoir
farmout	a term used to describe when a company sells a portion of the acreage in a block to another company, usually in return for consideration and for the buying company taking on a portion of the selling company's work commitments
FEED	front end engineering and design
field	a geographical area under which either a single oil or gas reservoir or multiple oil or gas reservoirs lie, all grouped on or related to the same individual geological structure feature and/or stratigraphic condition
formation	a body of rock identified by lithic characteristics and stratigraphic position which is mappable at the earth's surface or traceable in the subsurface
formation water	water that occurs naturally within the pores of rock
fracture	a natural break in the rock forming due to the effects of cooling of the original rock melt and/or tectonic forces acting on the rock mass. These result in a void extending away from the wellbore for varying distance (centimetres to hundreds of metres) which can be associated with commercially producible oil
geophysical	geophysical exploration is concerned with measuring the earth's physical properties to delineate structure, rock type and fluid content – these measurements include electrical, seismic, gravity and magnetics
H₂S	hydrogen sulphide
hook-up	the connection of the wells via the Subsea Equipment to the FPSO such that production can commence
hydrocarbon	a compound containing only the elements hydrogen and carbon. May exist as a solid, a liquid or a gas. The term describes any combination of oil, gas and/or condensate
infrastructure	oil and gas processing, transportation and off-take facilities
licence	an exclusive right to explore for petroleum, usually granted by a national governing body
long lead item	the equipment, product or system that is identified at the earliest stage of a project to have a delivery time long enough to affect directly the overall lead time of the project
mmstb	millions of stock tank barrels
ODT	oil down to
oil	a mixture of liquid hydrocarbons of different molecular weight
oil column	vertical thickness of an oil accumulation above an oil/water contact
OWC	oil water contact

petroleum	a generic name for oil and gas, including crude oil, natural gas liquids, natural gas and their products
phase	a distinct state of matter in a system, e.g. liquid phase or gas phase
PLT	production logging tool
pressure barriers	a barrier that prevents pressure transmission, in effect compartmentalising the reservoir
PRMS	petroleum resources management system
production well	a well producing fluids (oil, gas or water)
prospect	an identified trap that may contain hydrocarbons. A potential hydrocarbon accumulation may be described as a lead or prospect depending on the degree of certainty in that accumulation. A prospect is generally mature enough to be considered for drilling
Prospective Resources	are estimated volumes associated with undiscovered accumulations. These represent quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from oil and gas deposits identified on the basis of indirect evidence but which have not yet been drilled. This class represents a higher risk than Contingent Resources since the risk of discovery is also added. For prospective resources to become classified as Contingent Resources, hydrocarbons must be discovered, the accumulations must be further evaluated and an estimate of quantities that would be recoverable under appropriate development projects prepared
PSI	pounds per square inch
Reserves	represent that part of resources which are commercially recoverable and have been justified for development, while contingent and prospective resources are less certain because some significant commercial or technical hurdle must be overcome prior to there being confidence in the eventual production of the volumes
reservoir	an underground porous and permeable formation where oil and gas has accumulated
seal	a relatively impermeable rock, commonly shale, anhydrite or salt, that forms a barrier or cap above and around reservoir rock such that fluids cannot migrate beyond the reservoir. A seal is a critical component of a complete petroleum system
scf	standard cubic feet measured at 14.7 pounds per square inch and 60° F
sedimentary	a deposit made up of pieces of other rocks
shut-in	to stop a well from flowing and close the valves
sidetrack	a secondary wellbore drilled away from the original hole
SPE	Society of Petroleum Engineers
SPS	subsea production system
stb	stock tank barrels measured at 14.7 pounds per square inch and 60° F

stb/d	stock tank barrel per day
structural closure	a term used to define the volume of rock in which oil, or gas, can accumulate; closure is based on the shape of a geological structure and is usually defined as a specific depth; in some reservoirs oil can accumulate outside of structural closure and such reservoirs are referred to as having their hydrocarbon stratigraphically trapped; stratigraphic traps accumulate oil in deposits shaped by processes such as rivers, beaches, reefs and fractures
subsea equipment	fully submerged ocean equipment, comprising, <i>inter alia</i> , Christmas Trees and subsea control modules, ESPs, variable speed drives and subsea umbilicals, risers and flowlines
SURF	subsea umbilicals risers and flowlines
TVDSS	true vertical depth sub-sea
wireline	a cabling technology used by operators of oil and gas wells to lower a wireline tool, which is equipment or measurement devices, into a borehole

PART I

LETTER FROM THE CHAIRMAN OF HURRICANE ENERGY PLC

HURRICANE ENERGY PLC

(Incorporated and registered in England and Wales under the Companies Act 2006 with registered No. 05245689)

Directors:

Dr Robert Arnott *(Non-Executive Chairman)*
Dr Robert Trice *(Chief Executive Officer)*
Alistair Stobie *(Chief Financial Officer)*
Neil Platt *(Chief Operations Officer)*
Dr David Jenkins *(Non-Executive-Director)*
John van der Welle *(Non-Executive Director)*
Roy Kelly *(Non-Executive Director)*
Jason Cheng *(Alternate Director)*
Leonard Tao *(Alternate Director)*

Registered Office

Ground Floor
The Wharf
Abbey Mill Business Park
Lower Eashing, Godalming
Surrey
GU7 2QN

4 July 2017

To Shareholders

Dear Shareholder

**US\$520 million Proposed Fundraising to Fully Finance the Lancaster Early Production System
and
Notice of General Meeting**

1. Introduction and summary

On 29 June 2017 the Company announced that, through the Fundraising, it proposed to raise approximately US\$520 million to finance its EPS at the Lancaster field and allow the Company to maintain its target for First Oil in the first half of 2019.

The Fundraising comprises:

- the Placing of 731,222,213 new Ordinary Shares to raise gross proceeds of US\$300 million at a price of 32 pence per Placing Share; and
- the Convertible Bond Offering to raise US\$220 million, subject to an additional over-allotment option of US\$10 million.

The Placing Price is equivalent to a discount of 6.6 per cent. to the closing price of an Ordinary Share on AIM on 28 June 2017 (being the last Business Day prior to the announcement of the Fundraising).

The net proceeds of the Placing and the Convertible Bond Offering will primarily be used by the Company to fund capital expenditure in relation to the EPS development at the Company's Lancaster field, West of Shetland ("Project"). The EPS is a two well tie-back to a Floating Production Storage and Offloading ("FPSO") host facility that is expected to produce 17,000 barrels of oil per day and provide data required to plan an FFD of Lancaster. The Company is currently targeting First Oil in the first half of 2019, and completing the Fundraising now will enable the Company to maintain this target.

Following completion of the bookbuild by the Joint Bookrunners and the Company, the Company's largest shareholder, Kerogen Capital, has been allocated and will subscribe for 73,122,221 Placing Shares in the Placing to raise gross proceeds of approximately US\$30 million.

The Company has received irrevocable undertakings from Kerogen Capital, and from the Directors who hold Ordinary Shares, to vote in favour of the Resolutions in respect of their respective entire holdings of Existing Ordinary Shares representing, in aggregate, approximately 31.14 per cent. of the Existing Ordinary Shares.

The Fundraising is conditional upon, among other things, the Company obtaining approval from its Shareholders to grant the Board authority to allot the Placing Shares and the Convertible Bonds and to disapply pre-emption rights which would otherwise apply to the allotment of the Placing Shares and the Convertible Bonds. The Fundraising is also conditional upon Admission. Subject to all relevant conditions being satisfied (or if applicable waived), it is expected that Admission will take place on or around 24 July 2017.

The purpose of this document is to provide you with information about the background to and the reasons for the Fundraising, to explain why the Board considers the Fundraising to be in the best interests of the Company and its Shareholders as a whole, to explain why the Directors recommend that you vote in favour of the Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this document, and to seek your approval for the Fundraising.

2. Background to and reasons for the Fundraising

Hurricane is a UK-based oil and gas company which specialises in the exploration and exploitation of fractured basement reservoirs. The Company's strategy is to explore basement reservoirs in proven petroleum basins, particularly in areas where previous drilling results have indicated the presence of hydrocarbons in the basement.

Hurricane has adopted this strategy to acquire offshore licences located on the United Kingdom continental shelf ("UKCS"), west of the Shetland Islands ("WoS"), a proven hydrocarbon province that remains a core area for global super majors.

Hurricane first acquired licences in this area in 2005 and has since carried out an extensive work programme including drilling eight wells, including two side-tracks. This work programme has led to a number of significant discoveries (as defined under the SPE PRMS) in the Company's acreage, including Lancaster, Lincoln, Whirlwind and Halifax. Together these discoveries represent one of the largest undeveloped hydrocarbon resources in the UKCS. Hurricane has maintained a 100 per cent. interest in all its licences throughout this period and has taken advantage of relatively low vessel and oil services rates in recent years to be able to carry out an extensive drilling campaign without diluting its ownership interest at the asset level. The Company believes that this campaign has been successful at de-risking Lancaster and other assets within its licences.

The most advanced of Hurricane's discoveries is the Lancaster field, on which five wells have been drilled by the Company, including two side-track wells. These wells have led to 523 mmstb of proved and probable Reserves, plus 2C Contingent Resources, being attributed to the field by RPS Energy Consultants Limited ("RPS"), in its competent person's report dated May 2017 ("RPS 2017 CPR").

The Company believes that ultimately recoverable Resources from Lancaster and adjacent fields could significantly exceed this.

The Directors believe that for the Company to maximise the value of Lancaster, and its wider portfolio of assets, the Company must demonstrate reservoir performance at Lancaster by producing oil for a sustained period of time and generate reservoir data through delivery of the EPS. The EPS is designed to provide the necessary reservoir data and information to allow for planning of FFD on Lancaster and the future development of the Company's other assets which, in conjunction with an appraisal programme, the Directors believe will deliver value to shareholders in the short to medium term ahead of FFD.

The EPS, in the form described more fully below, targets First Oil in the first half of 2019. The Directors believe that this can only be achieved by taking FID in summer 2017, for which the timely completion of the Fundraising is critical. The Fundraising is therefore crucial to maintaining the Project schedule. The structuring of the Fundraising as a Placing and Convertible Bond Offering allows the Company to have control over the timing of receipt of funds and thus ensure that the Company is able to meet this schedule.

The Company has taken advantage of relatively low vessel and oil services rates in recent years and has secured, subject to FID, the key components of the Project including procurement of the FPSO, SURF and SPS. Without the Fundraising, the Directors believe that the Project will be delayed and the Company may not be able to continue with the Project without incurring significant variations, delays, regret costs and cost increases. Further, the Directors believe without the Fundraising there is a significant risk that the Project may be cancelled, that the Company may suffer significant economic loss, and the Company may have to surrender all or part of Licence P1368. The Directors draw the attention of investors and Shareholders' to Risk Factor 1.16 set out in Part II, entitled "The Group will incur regret costs for the proposed Project and may surrender Licence P1368 if Shareholders do not approve the Fundraising".

The Directors believe that it is in the best interests of the Company and Shareholders to proceed with the Project and the Fundraising, and recommend that Shareholders approve all Resolutions at the General Meeting.

3. Pre-emptive offering

The Company is grateful for the support of all its Shareholders and is very mindful that the Placing represents significant dilution to Shareholders. It has not been practical to incorporate a pre-emptive offer to all Shareholders as part of the Fundraising, primarily because such an offer requires a prospectus to be approved by the United Kingdom Listing Authority, the timing of which was not compatible with FID in summer 2017. The Company is therefore proposing to make a follow-on offering of Ordinary Shares to all Shareholders (as at close of business on 29 June 2017). The follow-on offering will be carried out at the Placing Price and will seek to raise up to US\$5 million. It will be subject to obtaining requisite shareholder approvals and to further structuring and detailed terms and conditions. The Company intends to provide further details in regard to this in due course.

4. The Project

Lancaster EPS overview

Given the size of Lancaster, and potential for a regional development incorporating other Hurricane Rona Ridge fields and prospects, the Company aims to carry out a phased development of the Lancaster field. The first phase is planned to be an EPS which is intended to improve knowledge of the reservoir to optimise FFD. The Company believes that this is a prudent approach to development of a field of this size. The EPS would deliver First Oil on an accelerated timetable and will generate cash flow for the Company to use towards the FFD and/or further appraisal of other assets. The objectives of the EPS can be summarised as to:

- provide long term production data to enhance understanding of reservoir characteristic and associated FFD scenarios;
- commence development of the Resources in a phased manner with regard to managing uncertainties over reservoir characteristics and associated development risks; and
- deliver an acceptable return on investment and cash flow for additional operations on the Company's licences.

The EPS comprises a two well tie-back to an FPSO, which is planned to produce for up to six years, with a further potential four year extension to ten years. The EPS will use existing suspended wells (205/21a-6 and 205/21a-7Z) and is based on well-established technology for the sector. After approximately six months of production, the Company expects to be able to begin to gauge reservoir performance through bottom-hole pressure trends and other data and analysis, which can be used to plan FFD as more data is gathered and analysed. Total development capital expenditure for the EPS is forecast to be US\$467 million, of which approximately US\$45 million has been spent to date. The Company plans to fully fund the balance through the Fundraising.

The two wells that will be used in the EPS are each one kilometre horizontal subsea wells that have already been drilled and tested. These wells will be completed and tied back to the Bluewater 'Aoka Mizu' FPSO. The Aoka Mizu FPSO is specifically designed for harsh environment service and has 35,000 bbl/d gross

liquids processing capacity. The vessel previously operated in the UKCS on the Ettrick and Blackbird fields for Nexen (2009-2016) with strong production uptime (97 per cent. oil system) and requires minimal upgrades to its processing facilities to meet the functional specification requirements for the EPS.

During drill stem tests (“DSTs”), both planned development wells demonstrated productivity in excess of 5,000 stb/d on natural flow, and of ~10,000 stb/d / ~15,000 stb/d respectively, with artificial lift. The wells will be completed with dual electrical submersible pumps (“ESPs”). A simple subsea system will connect to the wells comprising a single production manifold. Production from the wells will be stored in cargo tanks within the FPSO and periodically exported via shuttle tanker; produced gas will be used for the power generation needs of the FPSO, with excess gas flared as necessary within approved limits under applicable petroleum regulations. The Company’s current estimates indicate that the operating costs will be approximately US\$20 per barrel.

The Directors’ expectation, supported by the RPS 2017 CPR, is that the EPS could produce approximately 62 million barrels of oil over ten years. It is intended, subject to satisfactory results from initial production, that the EPS will either become part of, or be replaced by alternate host systems within this timeframe, targeting Lancaster’s additional 461 million barrels of oil and potentially a much larger resource. It is currently expected that average aggregate production will be c. 17,000 barrels of oil per day, based on a constrained gross production rate from the two wells of 20,000 barrels of oil per day and expected downtime for maintenance, weather and unplanned interruptions to production, totalling 15 per cent. The below-capacity constraint of 20,000 barrels of oil per day will be imposed by the Company initially to avoid potential reservoir damage. Based on performance and subject to regulatory approvals, this could potentially be lifted subsequently to allow a higher production rate without additional capital expenditure.

The Company is currently targeting First Oil from the EPS in the first half of 2019 and plans to sanction the Project by the end of summer 2017. Proof of financial capability to regulators, one of the key outstanding items for sanction, is expected to be satisfied by the Fundraising.

The Company has conducted extensive planning, legal and engineering work for the EPS, including:

- drilling and testing of two horizontal one kilometre appraisal wells, suspended for production for the EPS and future development (amongst a broader well programme);
- FPSO and SURF FEED studies;
- geophysical and geotechnical surveys;
- engagement with regulators; and
- execution of the Project Documents (as described below).

Having progressed the above, upon successful closing of the Fundraising, the Company expects to be able to maintain its target schedule for First Oil in the first half of 2019.

Project Documents and contractors

The Project involves three key areas of operation comprising:

- the FPSO modification, installation, commissioning, operation and maintenance;
- the subsea facilities fabrication, installation, commissioning, operation and maintenance; and
- well completions and subsurface facilities – their installation, commissioning, operation and maintenance.

The Group has selected and, pursuant to the Project Documents, contracted three key independent contractors that each have primary responsibility for one of these key areas of operation. The key contractors were selected based on demonstrable industry track record, commercial offerings and technical expertise.

The Group has contracted with the Bluewater Group for the provision of the FPSO to the Project. Under the terms of the Bluewater EPC Contract, Bluewater will be responsible for the fabrication and delivery of a new

mooring system and buoy and the upgrade, hook up and testing of the FPSO in consideration for a fixed lump sum contract price. The Bluewater Group will also be responsible for the operation, maintenance and decommissioning of the FPSO, and the operation and maintenance of the subsea pipeline on a reimbursable basis pursuant to the terms of the POSA. A Bluewater Group entity has been approved as installation operator for the Project and the Company expects that Bluewater Lancaster Production (UK) Limited will become the installation operator and pipeline operator to the Project following further approvals.

The Group has the right to use the FPSO under the Charter for a minimum period of three years from First Oil. In addition, the Group has the option to extend the term of the Charter for an additional period of three years and another additional period of four years. These options must be exercised 12 months before the Charter would otherwise expire. In part consideration for the Charter, the Group has undertaken to pay an incentive tariff based on a percentage of the sale price of each barrel of oil, after deducting certain costs, together with a facilities day rate. The percentage of the incentive tariff and the amount of the facilities day rate will vary after completion of the second year of the Charter.

TechnipFMC are responsible for the fabrication, installation, testing and commissioning of the subsea equipment, including the SURF and SPS under the terms of the TechnipFMC Integrated EPCI Contract and the installation of the mooring system and buoy. A significant portion of payments due under the TechnipFMC Integrated EPCI Contract will be fixed lump sum costs.

The capital expenditure related to the Bluewater EPC Contract will be paid as an agreed lump sum, with Hurricane paying for this cost upfront to reduce the need for substantial financial guarantees to Bluewater for their commitments under the Charter and POSA. A large portion of the TechnipFMC integrated EPCI Contract has also been agreed as a lump sum, together with the Bluewater EPC Contract meaning that over 75 per cent of the estimated total project capital expenditure is covered by a fixed quantum. Hurricane has therefore passed a large portion of the cost risk back to its subcontractors and can use the US\$19 million of contingency built into cost estimates entirely against the remaining costs. The lump sum figures also have a significant amount of contingency built in to protect the subcontractors. The costs under the Project Documents will be paid in part on achieving certain agreed project milestones and in part based on certain project progress thresholds.

Well operations, including well completions, and the operation and supervision of subsurface facilities will be carried out by the Well Engineering arm of Petrofac Facilities Management Limited (“Petrofac”). The Group has a longstanding relationship with Petrofac, which will act as the Group’s nominated well operator and well management services provider in relation to the EPS and Lancaster under the terms of the Well Management Contract.

In addition to the Project Documents, the Group has in place a crude oil supply, purchase and marketing agreement with BP Oil International Limited in respect of the Group’s entitlement to oil from Lancaster, up to a limit in terms of production period or volume.

5. Use of proceeds

The gross proceeds receivable by the Company pursuant to the Fundraising will be US\$520 million, before expenses, subject to the over-allotment option of US\$10 million under the Convertible Bonds. The Company intends to use the proceeds it receives from the Fundraising, together with its existing cash resources, for:

- project scope of work, including finance costs and the Group’s financial obligations under the Project Documents;
- the Company’s project management team costs and other project overheads including construction all risk insurance; and
- corporate G&A.

The table below sets out the funding requirements of the Company:

Funding requirements	<i>US\$ million</i>
EPS development capex	411
EPS pre-ops	37
EPS contingency	19
Total EPS development capex	467
Decommissioning pre-funding	36
Corporate G&A	11
Total EPS funding requirement	514
Spent to date from existing resources	(45)
Remaining funding requirement	469

In addition to the above funding requirements, the Company will incur financing costs in relation to the Fundraising, which are contingent on the results of the Placing and the Convertible Bond Offering, and will be funded out of the gross proceeds of the Fundraising.

As described above, the Company has sought to mitigate the risk of cost overruns by fixing the price of approximately 75 per cent. of the total capital expenditure estimated to be incurred in connection with the Project scope of work. The contingency within the cost schedule can therefore all be used against the remaining minority portion where the Company maintains cost risk for overruns.

6. Update on farmout

Following the completion of the Company's 2016-2017 well programme, a number of parties continue to evaluate Hurricane's portfolio of fractured basement assets. Although discussions are ongoing and there is no certainty that an acceptable offer will be forthcoming, the Company believes that the Project, once funded, will enhance the Company's ability to attract offers that deliver further value accretion to Shareholders.

7. The Company's assets

Lancaster

Lancaster was the first basement prospect drilled by the Company in 2009. The field is located in water depths of 155 metres and is approximately 70 kilometres southwest of the BP operated Clair field and approximately 15 kilometres to the southeast of the BP operated Foinaven and Schiehallion fields. The reservoir is comprised of an extensive fractured basement ridge of Precambrian age, at a depth of approximately 1,000 metres sub-sea (TVDSS) at its shallowest point. Lancaster oil is relatively light at 38° API and of good quality, containing no CO₂ or H₂S. The Company believes that it is sourced from the Kimmeridge Clay Formation, a source rock of Jurassic age, and the reservoir is sealed by a thick succession of Cretaceous shales and mudstones.

The field was first drilled by exploration well 205/21-1A in 1974, which was drilled by Shell to investigate the potential of overlying sedimentary reservoirs. A short basement section was penetrated at the base of the well, which returned small volumes of oil to surface on test. Any reservoir potential of the basement, however, was discounted at the time and Lancaster was not drilled again until 35 years later when the Company drilled the 205/21a-4 well. This well was exclusively designed to test the basement reservoir and successfully confirmed the presence of light oil in an extensive oil column within a porous and highly permeable formation. Following the success of this initial well, a sidetrack was drilled in 2010 (205/21a-4Z), with a view to improving the DST results which had been compromised through operational reasons on the

205/21a-4 well. The 205/21a-4Z well demonstrated improved DST results and is currently suspended for future re-entry.

As a move towards bringing Lancaster into the development phase, Hurricane drilled and tested the 205/21a-6 well that comprised a one kilometre horizontal section within the basement reservoir. The well was a success, establishing a sustainable natural (unassisted) oil flow rate of 5,300 stb/d and a maximum stable oil rate of 9,800 stb/d using artificial lift provided by an ESP. Both of these rates were constrained by the capacity of the surface test equipment rather than the deliverability of the reservoir. The low drawdown rates required to achieve these high rates mean that the productivity index (PI) of this well was 160 stb/d/psi, which the Company considers to be world-class, given that it exceeds the PI of ~140 reported to be seen at the highly productive Ghawar field in Saudi Arabia, the largest in the world. Well 205/21a-6 provided confirmation of the commercial potential of the Lancaster field and consequently the well was suspended to be used as a future production well.

Following the success of the 205/21a-6 well, the Company devised the strategy of a phased development, first developing the EPS to de-risk the remaining uncertainties of the reservoir with extended production, ahead of investing in a full field development. The EPS required two production wells in order to be able to collect the desired data and make economic use of development facilities. The Company designed a 2016 well programme to incorporate another production well (in addition to 205/21a-6) by aiming to drill a deep inclined well to appraise the depth of the oil column, and then perform a horizontal sidetrack to that well which would act as the second production well for the EPS. The Company contracted the Transocean Spitsbergen, a large semi-submersible drilling rig designed for operation in harsh environments to drill and test these two wells.

The primary objective for the deep inclined well (205/21a-7) was to confirm the depth of the oil water contact (“OWC”), with secondary aims being to evaluate the properties of the aquifer and to ascertain the properties of the overlying Victory sandstone (previously described as the Commodore sandstone). Analysis of data from this well (such as integrating mudlogging data, high resolution gas chromatography, wireline logs, sidewall core staining and depth-controlled wireline oil sample analysis) indicates a very significant hydrocarbon column is present within the basement, extending far below the local structural closure, confirming the Company’s earlier analysis of the 205/21a-4 well. Based on these results, the Company’s best technical case OWC is 1,678 metres TVDSS, which correlates between both deep wells on the field and represents an oil column in excess of 670 metres. RPS apply a range of OWC depths within the RPS 2017 CPR to reflect potential uncertainty in the analyses, although it concurs with Hurricane that the oil column significantly extends below the local structural closure and include 1,678 metres TVDSS as its high case.

The secondary objectives of the 205/21a-7 well were met as log interpretation and drilling brine losses beneath the OWC demonstrate that the penetrated aquifer interval is porous and permeable. Similarly, the penetration of a thicker interval of Victory sandstone in this well, combined with the results of 205/21a-6 and 205/21a-7Z, has enabled refinement of the reservoir properties of this sandstone as used by RPS in the RPS 2017 CPR. Further to achieving these objectives, a DST performed with a comprehensive production logging tool (“PLT”) programme achieved maximum stable oil rates of 11,000 stb/d using an ESP and 6,600 stb/d under natural flow conditions. The PLT demonstrated that this flow was contributed entirely by a heavily fractured and therefore highly permeable 8 metres interval near the top of the openhole section of the well, signifying the high deliverability of individual fractures in this reservoir. Interpretation of this well test data indicates that there are no pressure barriers detected in the reservoir in the vicinity of this wellbore, consistent with third party analysis of all of Hurricane’s Lancaster wells, none of which indicate the presence of pressure barriers within the basement reservoir.

Following the successful completion of the 205/21a-7 well operations, the deep inclined section was plugged and abandoned as planned, and the Company sidetracked the horizontal 205/21a-7Z well using the same topohole section. The 205/21a-7Z well was designed to replicate the highly successful 205/21a-6 well from 2014, and provide the second producing well for commencement of the EPS. As the 205/21a-6 well flow rates had been constrained by the surface test equipment, the testing programme for the 205/21a-7Z well included an increase in the capacity of the equipment. This enabled the DST of this one kilometre horizontal section to produce a sustainable flow rate of 15,375 stb/d using an ESP, and 6,500 stb/d under natural flowing

conditions. These rates were limited again by the surface test equipment rather than the reservoir, although at the higher capacity that had been designed. This well demonstrated a PI of 147 stb/d/psi, comparable to that achieved on the 205/21a-6 well. Analysis of the log data and the well test results indicates consistency between the two horizontal wells, and so the 205/21a-7Z well was also deemed a success.

Both the 205/21a-6 and 205/21a-7Z wells are currently suspended pending completion, and provide the necessary well stock for the EPS phase of development.

Other assets

In addition to Lancaster, the Company has a number of other discoveries and prospects in adjacent acreage WoS. Together, these assets (including Lancaster) have 728 million barrels* of certified 2P Reserves and 2C Resources. Having released a new Lancaster CPR in May 2017 (the “RPS 2017 CPR”), the Company plans to release an updated CPR on Halifax, Lincoln and Warwick in Q4 2017. Given similar reservoir properties indicated across Hurricane’s wells, the Company expects the EPS to de-risk its other assets in addition to Lancaster and a Lancaster FFD may incorporate development of other adjacent fields.

* Oil equivalent barrels, includes gas, reserves status subject to regulatory approval and project sanction, based on combination of RPS Nov-2013 CPR (Whirlwind oil case, excluding Strathmore and Tempest/Typhoon) and RPS 2017 CPR (Note that PRMS advises that arithmetic addition of resources is not statistically correct)

8. The Placing

The Company has conditionally raised US\$300 million (before expenses) through the issue of 731,222,213 Placing Shares to existing and other institutional investors at a price of 32 pence per Placing Share.

The Placing Shares will represent approximately 37.3 per cent. of the Enlarged Share Capital immediately following Admission.

The Placing Shares will be allotted and issued free of all liens, charges and encumbrances and will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of their issue. Application will be made for the Placing Shares to be admitted to trading on AIM. It is expected that Admission and dealings in Placing Shares will commence at 8 a.m. on 24 July 2017.

Placing Agreement

On 29 June 2017 the Company entered into the Placing Agreement with the Joint Bookrunners pursuant to which the Joint Bookrunners, as agents for the Company, agreed to use their reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price.

The Placing is conditional upon, amongst other things:

- subscription commitments received from investors across the Fundraising, together with the Company’s existing cash resources, amounting to net funds available of not less than US\$470 million, net of financing costs;
- the passing of the Resolutions without amendment to be proposed at the General Meeting;
- the Placing Agreement having become unconditional (save for Admission) and not having been terminated in accordance with its terms prior to Admission;
- the placing agreement in connection with the Convertible Bond Offering having been entered into and not having been terminated prior to Admission; and
- Admission taking place by no later than 8.00 a.m. on 24 July 2017 (or such later date as the Joint Bookrunners may agree in writing with the Company, being not later than 8.00 a.m. on 31 July 2017).

The Placing Agreement contains customary warranties given by the Company in favour of the Joint Bookrunners in relation to, *inter alia*, the accuracy of the information in this document and other matters

relating to the Group and its business. In addition, the Company has agreed to indemnify the Joint Bookrunners in relation to certain liabilities which the Joint Bookrunners may incur in respect of the Placing.

The Joint Bookrunners have the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a breach of any of the warranties or a material adverse change.

The Placing Agreement also provides for the Company to pay all costs, charges and expenses of, or incidental to, the Placing and Admission including all legal and other professional fees and expenses.

The Placing Shares have not been made available to the public and have not been offered or sold in any jurisdiction where it would be unlawful to do so.

Related party transaction

Kerogen Capital, by virtue of its holding of more than 10 per cent. of the existing issued share capital of the Company, is classified as a related party of the Company and its participation in the Placing is considered a “related party transaction” under the AIM Rules. The Directors, having consulted with the Company’s nominated adviser Cenkos, consider that the terms of the Placing are fair and reasonable insofar as Shareholders are concerned.

9. Effect of the Placing

Upon Admission and assuming no further exercise of options under the Company’s share schemes, the Enlarged Share Capital is expected to be 1,959,210,336 Ordinary Shares. On this basis, the Placing Shares will represent approximately 37.3 per cent. of the Company’s Enlarged Share Capital.

10. The Convertible Bond Offering

The Company has conditionally raised US\$220 million (before expenses) through the issue of Convertible Bonds to institutional investors. The Company has granted the Joint Bookrunners an over-allotment option in respect of US\$10 million of Convertible Bonds, exercisable prior to 19 July 2017. The Convertible Bonds will be issued at par and will bear interest from (and including) 24 July 2017 at the rate of 7.50 per cent. per annum, payable quarterly in arrear in equal instalments on 24 January, 24 April, 24 July and 24 October each year, commencing on 24 October 2017.

The Convertible Bonds will be convertible into fully paid Ordinary Shares with the initial conversion price set at US\$0.5200, representing a 25 per cent. premium above the Placing Price of 32 pence per Placing Share (converted into US\$ at a £/US\$1.30 exchange rate). This implies that there will be approximately 423,076,923 to 442,307,692 Ordinary Shares underlying the Convertible Bonds as at the issue date of the Convertible Bonds, depending on whether the over-allotment option is exercised, although the number of Ordinary Shares underlying the Convertible Bonds may change from time to time as the conversion price will be subject to adjustment pursuant to customary anti-dilution provisions dealing with, among other things, share consolidations, share splits, capital distributions, rights issues and bonus issues.

Upon conversion of the Convertible Bonds, the Company may elect to settle its obligations by way of delivery of Ordinary Shares, payment of a cash alternative amount (calculated by reference to the volume weighted average price of an Ordinary Share over a specified period) or a combination of the two.

On the Closing Date (as defined below), the Company will transfer to an account secured in favour of U.S. Bank Trustees Limited as trustee in respect of the Convertible Bonds a sum equal to the full amount of the first eight interest payments on the Convertible Bonds, which can be released in certain circumstances as specified by the Terms and Conditions of the Convertible Bonds.

Unless previously converted, redeemed, or purchased and cancelled, the Convertible Bonds will be redeemed at par on 24 July 2022.

The Company will have the option to redeem all, but not some only, of the outstanding Convertible Bonds:

- at any time on or after 14 August 2020 at par plus accrued interest if the value (calculated over a specified period) of the Ordinary Shares underlying each Convertible Bond of denomination US\$200,000 shall have been at least US\$300,000; and
- at any time, if 85 per cent. or more of the aggregate principal amount of the Convertible Bonds originally issued shall have been previously converted, redeemed or purchased and cancelled.

The Convertible Bonds will benefit from the payment of a make-whole amount (being the amount of all interest that would otherwise have been received under the relevant Convertible Bonds up to and including 24 July 2019) to any holder whose Convertible Bonds are converted from such date up to and including 24 July 2019.

The Convertible Bonds contain a covenant relating to a restriction on incurrence of indebtedness. So long as any Convertible Bond remains outstanding, the Company undertakes that it shall not, and shall procure that no member of the Group shall, incur, assume or permit to exist any indebtedness; provided that this restriction shall not apply in respect of:

- any indebtedness in respect of the Convertible Bonds ("Bond Debt");
- any other indebtedness where the aggregate principal amount of such other indebtedness, when combined with the aggregate principal amount of all other indebtedness of the Group from time to time (excluding the Bond Debt), would not cause the total indebtedness of the Group on a consolidated basis to exceed US\$45 million (or the equivalent thereof in other currencies at then current rates of exchange); and
- any permitted indebtedness (as more fully described in the Terms and Conditions of the Convertible Bonds).

In addition, the Company covenants that it shall not enter into any bank loan or similar arrangement with a bank or other financial institution, nor will it draw down under any revolving credit facility or other similar facility with a bank or financial institution, prior to the date falling 12 months after the Closing Date.

The Convertible Bonds will also benefit from a capital markets style negative pledge (subject to certain exceptions, including existing security interests), events of default (including a cross default, subject to a US\$15 million threshold) and a tax gross-up in respect of any UK withholding tax (subject to certain customary exceptions and an issuer tax call). In addition, the Convertible Bonds will benefit from certain other provisions dealing with change of control and delisting events.

Settlement and delivery of the Convertible Bonds is expected to take place on or about 24 July 2017 (the "Closing Date").

Settlement of the Convertible Bonds is conditional upon (i) the passing of the Resolutions and (ii) Admission.

It is intended that application will be made for the Convertible Bonds to be listed on The International Stock Exchange (or another recognised stock exchange) prior to the first interest payment date, being 24 October 2017.

The Company and its subsidiaries have agreed to a lock-up undertaking for a period of 90 days from 30 June 2017 in respect of the Ordinary Shares (and equity-linked instruments in respect of the Ordinary Shares), subject to customary exceptions and excluding any Ordinary Shares to be issued pursuant to the Placing, the Convertible Bonds issued pursuant to the over-allotment option and Ordinary Shares issued pursuant to the follow-on offering referred to in paragraph 3 above.

11. Working capital

Having made due and careful enquiry, the Directors are of the opinion that, taking into account the net proceeds of the Fundraising, the Company will have sufficient working capital available for its present requirements, that is, for at least 12 months following the date of Admission.

12. Risk factors and additional information

The attention of Shareholders is drawn to the risk factors set out in Part II of this document, which provide additional information on, and certain risks relating to, the Fundraising, including the consequences of the Fundraising not proceeding.

13. General Meeting

The Directors do not currently have authority to allot all the Placing Shares and the Convertible Bonds and, accordingly, the Board is seeking the approval of Shareholders to allot the Placing Shares and the Convertible Bonds on a non pre-emptive basis at the General Meeting.

A notice convening the General Meeting, which is to be held at the offices of Dentons UKMEA LLP, One Fleet Place, London EC4M 7RA at 10.00 a.m. on 21 July 2017, is set out at the end of this document. At the General Meeting, the following Resolutions will be proposed:

- Resolution 1, which is an ordinary resolution to authorise the Directors to allot relevant securities up to an aggregate nominal amount of £1,284,106.83, being equal to 1,284,106,830 new Ordinary Shares (i.e. the maximum number of new Ordinary Shares to be issued under the Placing and each Convertible Bond Conversion, if applicable, and taking into account the adjustment provisions applicable to the Convertible Bonds); and
- Resolution 2, which is conditional on the passing of Resolution 1 and is a special resolution to authorise the Directors to allot equity securities up to an aggregate nominal value of £1,284,106.83, being equal to 1,284,106,830 new Ordinary Shares (i.e. the maximum number of new Ordinary Shares to be issued under the Placing and each Convertible Bond Conversion, if applicable, and taking into account the adjustment provisions applicable to the Convertible Bonds) on a non-pre-emptive basis.

The authorities to be granted pursuant to the Resolutions will expire on the date falling six months from the date of the passing of the Resolutions (unless renewed varied or revoked by the Company before or on that date) and will be in addition to the Directors' authorities to allot relevant securities on a non pre-emptive basis granted at the Company's annual general meeting held on 7 June 2017.

14. Action to be taken

A Proxy Form for use at the General Meeting accompanies this document. The Proxy Form should be completed in accordance with the instructions thereon and returned by post to the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol BS99 6ZY, as soon as possible, but in any event so as to be received by 10.00 a.m. on 19 July 2017. The completion and return of a Proxy Form will not preclude Shareholders from attending the General Meeting and voting in person should they so wish. Alternatively, Shareholders may appoint a proxy electronically in accordance with the instructions in Note 7 of the Notice of General Meeting set out at the end of this document. CREST members may use the CREST electronic proxy appointment service, instructions for which are contained in Note 8 of the Notice of General Meeting.

15. Recommendation

The Directors believe that the Fundraising and the passing of the Resolutions are in the best interests of the Company and Shareholders as a whole. Accordingly, the Directors unanimously recommend Shareholders to vote in favour of the Resolutions, as the Directors have undertaken to do in respect of their aggregate beneficial holdings of 26,953,744 Ordinary Shares, representing 2.19 per cent. of the Existing Ordinary Shares.

The Fundraising is conditional, among other things, upon the passing of the Resolutions at the General Meeting. Shareholders should be aware that if the Resolutions are not approved by Shareholders at the General Meeting, the Fundraising will not proceed. For a summary of the consequences of the Fundraising not proceeding, please see "Background to and reasons for the Fundraising" in paragraph 2 above.

Yours faithfully

Dr Robert Arnott

Non-Executive Chairman

PART II

RISK FACTORS

Any investment in the Company is subject to a number of risks. Accordingly, prospective investors should carefully consider the risks set out below as well as the other information contained in this document and any other publicly available information about the Group before making a decision whether to invest in the Company. The risks described below are not the only risks that the Group faces. Additional risks and uncertainties that the Directors are not aware of or that the Directors currently believe are immaterial may also impair the Group's operations. Any of these risks may have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In that case, the price of the Ordinary Shares could decline and investors may lose all or part of their investment. Prospective investors should consider carefully whether an investment in the Company is suitable for them in light of the information in this document and their personal circumstances.

Before making an investment, prospective investors are strongly advised to consult an investment adviser authorised under FSMA who specialises in investments of this kind. A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his or her personal circumstances, the financial resources available to him or her and his or her ability to bear any loss which might result from such investment.

The following factors do not purport to be a complete list or explanation of all the risks involved in investing in the Company. In particular the Company's performance may be affected by changes in the market and/or economic conditions and in legal, regulatory and tax requirements.

1. RISKS RELATING TO THE GROUP'S BUSINESS

1.1. The Group may not be able to develop commercially its Reserves and its Contingent and Prospective Resources

The Company is an oil and gas exploration company, focused on fractured basement reservoirs, which has not yet begun to generate revenues and is not yet trading profitably. None of the assets has achieved commercial production to date and the commercial viability of each of the Company's assets is dependent on a range of factors, including further technical evaluation, establishing commercial production and the presence of extensive fracture networks at such fields.

All the Group's assets are currently classified as Reserves, Contingent or Prospective Resources. The Reserves are contingent on the EPS obtaining regulatory approvals and project sanction. The Group's success will depend upon the successful development and operation of the EPS, sustained commercial production from the EPS, and the Company converting its assets, that are currently classified as Contingent or Prospective Resources, into Reserves and commercial production. The Reserves and Resources may not be considered commercially recoverable by the Group for a variety of reasons, including the costs involved in recovering the Reserves and Resources, the price of oil and gas at the time, the availability of the Group's operational resources and other development plans that the Group may have.

If the Group is not successful in achieving commercial production from its assets, or fails to meet its targeted development and production timelines, the Group's business, financial condition, results of operations and prospects would be materially adversely affected.

1.2. The Group's business plan requires substantial capital expenditure and the future expansion and development of the Group's business may require additional capital. As such, the Group may not be able to generate sufficient cash flows or finance its activities in the longer term if it is unable to raise additional capital

The Group's business plan to exploit and commercialise its assets will require significant capital expenditure. The Group will also be required to make substantial capital expenditure for the identification, acquisition, exploration, development and production of oil and gas Resources and/or Reserves in the future.

The Group has good visibility of its near-term capital expenditure requirements, and specifically for the EPS on Lancaster which are supported by detailed internally produced work programmes and budgets. These work programmes and budgets detail, *inter alia*, the necessary equipment, personnel and time lines for such programmes, and estimates for the year's expenditure based on the current market rates plus appropriate contingencies. In addition, regular meetings of management committees support forecast estimates for the work programme and expenditure in the next period.

However, in the longer term, future work programme and budgets may turn out to be higher than currently planned by the Group (for example, for reasons of oil industry-wide cost inflation, project delays or redesign, new technology, acceleration of work programmes in particular decommissioning, and/or best practice for seismic, drilling, development and/or decommissioning and other operations) and the Group may need to seek additional funds at that time to cover increased costs or the fact that the Group may no longer be tax optimised as planned due to unforeseen or earlier than expected costs, which it may not be able to secure on reasonable commercial terms or at all or it may need to divert funds from other projects to satisfy the increased capital expenditure requirements. If this happens, it may have a material adverse effect on the Group's business and financial condition in the longer term.

More generally, the Group may not be able to generate sufficient cash flows or finance its activities in the longer term if it is unable to raise additional capital. The Group's inability to access sufficient capital for its operations may have a material adverse effect on its business, financial condition, results of operations and prospects.

1.3. The Group's operation and success depends on its ability to explore, appraise, develop and commercially produce oil and gas Reserves and Resources, in particular fractured basement reservoirs, that are economically recoverable

The Group's long-term commercial success depends on its ability to explore, appraise, develop and commercially produce oil and gas Reserves and Resources. Future increases in the Group's Resources or conversion of any of them into Reserves will depend not only on its ability to explore, appraise and develop its existing assets but also on its ability to select and acquire suitable additional assets either through awards at licensing rounds or through acquisitions. From time to time the Group may submit applications for further licences in the UKCS. However, there can be no assurance that the Group will be awarded such licences, that the Group will accept such licences (if so awarded) or that the Group will be able to commercially develop the assets which are the subject of such licences.

There are many reasons why the Group may not be able to find or acquire oil and gas Reserves or Resources or develop them for commercially viable production. For example, the Group may be unable to negotiate commercially reasonable terms for its acquisition, appraisal, development or production activities. Factors such as adverse weather conditions, natural disasters, equipment or services shortages, procurement delays or difficulties arising from the political, environmental and other conditions in the areas where the Reserves or Resources are located or through which the Group's products are transported may increase costs and make it uneconomical to develop potential Reserves or Resources. The Group is developing the EPS offshore in a harsh weather environment and is exploring and appraising in remote geographical areas with a lack of existing infrastructure, where environmental conditions are challenging and costs can be high. The costs of procuring, engineering, fabricating, constructing, installing, commissioning and operating offshore installations, and drilling, completing and operating wells is often uncertain. As a result, the Group may incur cost overruns or

may be required to curtail, delay or cancel installation, commissioning, production and drilling operations because of many factors, including unexpected operating conditions, unforeseeable operating problems, irregularities in geological formations, equipment failures or accidents, adverse weather conditions, compliance with environmental regulations, governmental requirements and shortages and delays in the availability of vessels, drilling rigs and the delivery of equipment. Without the successful development and operation of the EPS, and successful acquisition or exploration activities, the Group's Reserves, Resources, production and revenues (if achieved) will decline. There is no assurance that the Group will discover, acquire, develop or produce commercial quantities of hydrocarbons.

In particular, the Company is an oil and gas exploration company focused on fractured basement reservoirs. Although the occurrence of naturally fractured basement reservoirs has been known within the oil and gas industry for a number of years, few of these reservoirs have historically been optimally exploited or exploited at all. Fractured basement reservoirs, where permeability is limited to the fractured reservoirs (Type 1 fractured basement reservoirs), which are the type of fractured basement reservoirs the Company is exploring, appraising and developing are more difficult and expensive to evaluate in the exploration and appraisal phase than sandstone reservoirs due to, amongst other factors, their heterogeneous nature and the difficulty in quantifying fluid distributions (water and oil) due to the inability to apply traditional wireline water saturation techniques to a Type 1 fractured basement reservoir. Although there have been recent advances in subsurface data acquisition technology, including 3D seismic, challenges remain in locating and identifying fractures determining the size and shape of drainage area, mapping formation water distribution and determining the precise location in which to drill. The techniques presently available to engineers and geologists to identify the existence and location of hydrocarbons are not infallible. Personal subjective judgement of engineers and/or geologists is involved in the selection of any prospect for drilling.

In addition, there can be no assurance that the Group will be able to develop its Reserves and Resources for commercial viable production. Such challenges and the failure to develop its Reserves and Resources for commercial viable production could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.4. The Group's operations are dependent on the availability of vessels, drilling and other equipment and independent contractors

The Group's operations are dependent on the availability of vessels, rigs, long lead items and equipment, and offshore services, including third party services in the UKCS. The Group contracts or leases services and equipment from third party providers and suppliers. Such equipment and services may be scarce and may not be readily available at the times and places required and/or the specific service providers that the Group wishes to engage with may not be available at the relevant times. In addition, different types of fields require different types of vessels or rigs – the availability of which is, amongst other things, linked to the vessel or rig specifications. Even where the Group has secured vessels or rigs under a contract, the vessels or rigs will usually only be available for use after the previous user has finished its work programme. If there are delays in the completion of the previous user's work programme, the Group could be delayed in procuring contracted vessels or rigs. Under the terms of its licences, the Group may have a work commitment to be carried out within a certain time frame. The Group, therefore, risks losing licences if it is delayed in obtaining, or fails to obtain, vessels or rigs and thus fails to meet its licence commitments.

The scarcity of third party services and equipment (specifically, vessels, rigs and long lead items) as well as any increases in their costs, together with the failure of a third-party provider or supplier to perform its contractual obligations, or an inability to achieve a commercially viable contract with a third-party provider or supplier could delay, restrict or lower the profitability and viability of the Group's activities. This could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In particular, the EPS requires the construction and/or commissioning of production facilities and other forms of infrastructure on Lancaster. The Group's ability to proceed with and deliver the EPS is dependent on the Company being funded and able to contract third party services and equipment (specifically, vessels, rigs and long lead items) to ensure that the fabrication, modification, construction, delivery, transportation, installation, commissioning and operation of all materials and equipment required for the EPS can be undertaken in a timely and cost effective manner. Any delay, change or growth in scope of work, or increase in costs, or failure by a third-party provider or supplier to perform its contractual obligations, could lower the profitability of the EPS and restrict the Company's ability to fund, approve and/or continue the development and operation of the EPS. Any such delay, change or growth in scope of work, or increase in costs could delay the commencement of production of hydrocarbons from the EPS and lower the overall profitability of the EPS, consequently restricting the Company's future revenues and operational activities.

1.5. The assets are located in areas subject to variable weather conditions which may restrict the periods in which the Group can implement its offshore activities and well programmes

The operations of the Group with respect to the assets have historically been seasonal due to weather conditions affecting all of the assets. In particular, implementation of its offshore and field development activities (including hook-up, installation, testing, commissioning and production activities), and well programmes, in the West of Shetland area may be restricted outside the April to September weather window due to the adverse weather conditions outside of these months. In the event the Group and its contractors are unable to undertake such activities during the April to September weather window, there is a risk that such activities could be delayed until the next favourable weather window resulting in a delay to the commencement of production of hydrocarbons from the EPS, which may increase the costs and lower the overall profitability of the EPS, restricting the Company's future revenues and operational activities.

The FPSO, vessels, rigs, infrastructure and equipment utilized by the Group are exposed to a higher risk of non-productive time, damage, wear and tear, as a result of adverse weather conditions West of Shetland, in particular during the winter months. The FPSO, vessels and rigs utilized by the Group may be required to suspend or cease operations and/or move location to the extent that adverse weather conditions exceed their operating limits resulting in a shut-in of wells and/or suspension or cessation of production. Accordingly, weather conditions could impede the Group's offshore activities and well programmes for its assets and otherwise have a material adverse effect on its business, financial condition, results of operations and prospects.

1.6. Treatment of produced water and associated gas could result in significant financial and technical costs

There may be unforeseen liabilities resulting from the associated gas produced from the oil wells of the Group. The production of such associated gas may result in the Company incurring significant financial and technical costs to meet its environmental liabilities. Any associated gas produced from the oil wells of the Group will need to be either exported, re-injected into a reservoir or flared. Accordingly, excess gas content could adversely impact project economics and profitability. The Group is seeking permission from The Oil & Gas Authority in accordance with the applicable petroleum regulations to flare gas produced from the EPS. The Oil & Gas Authority may attach conditions to such permission as to frequency, quantity, location or duration of flaring which could adversely affect the project economics and profitability. Any such permission is subject to periodic renewal and there is no certainty that such permission will be granted or renewed from time to time, which may increase the costs and lower the overall profitability of the EPS, restricting the Company's future revenues and operational activities.

Controls on the quantities of oil that can be discharged in process waters in the course of offshore operations have been implemented in the UK by the Offshore Petroleum Activities (Oil Pollution Prevention and Control) Regulations 2005 (as amended). Under these Regulations, all releases and discharges of oil are prohibited unless in accordance with the terms of and conditions attached to a

permit. The Secretary of State may attach conditions to such permits which are calculated to ensure that the concentration, frequency, quantity, location or duration of any discharge is subject to appropriate restrictions, and that appropriate measures are taken to minimise pollution, including the appropriate use of technology to limit discharges. Any such permission is subject to periodic renewal and there is no certainty that such permission will be granted or renewed from time to time, which may increase the costs and lower the overall profitability of the EPS, restricting the Company's future revenues and operational activities.

In particular, the EPS on Lancaster is being carried out to evaluate sustainable and commercial reservoir performance over an extended period, including whether or not the volume of water produced (if any) can be responsibly managed in a cost-effective manner. There is a risk, following the commencement of production of hydrocarbons at Lancaster during the EPS, that there is a greater than anticipated volume of produced water which cannot be managed in a cost effective and operationally responsible manner, and that the level of production from the EPS may be restricted and/or result in a temporary or permanent cessation of production of hydrocarbons from Lancaster. Further, any such curtailment of production at Lancaster as a consequence of significant water production during production operations may have a material adverse effect on the Group's ability to fund and/or proceed with the full field development of Lancaster.

1.7. The Group may be unable to acquire, retain, convert or renew the licences, permits and other regulatory approvals necessary for its operations

The ability of the Group to develop and exploit oil and gas Reserves and Resources depends on the Group's continued compliance with the obligations of its current licences and the Group's ability to move into the production phase of each licence. The Group depends on licences whose grant and renewal is subject to the discretion of the relevant governmental authorities and cannot be assured. There can also be no assurance that the Group will be able to identify suitable licensing acquisition opportunities or that the Group will be able to make such acquisitions on appropriate terms.

It is also possible that the Group may be unable or unwilling to comply with the terms or requirements of the licences it holds, including the meeting of specified deadlines for prescribed tasks and other obligations set out in the work programmes attached to the licences. Non-compliance with these obligations may lead to revocation of the licence. Whilst in certain circumstances the relevant authority may agree to an extension of time to enable the licensee to agree to the obligation in question there is no guarantee that an extension will be given.

The Group, therefore, risks losing licences if it is delayed in obtaining, or fails to obtain, vessels, rigs, long lead items and equipment, and thus fails to meet its licence or work commitments.

The field development plan for the EPS, among other things, will require regulatory approval. There is no certainty that the Group will be granted the regulatory approvals, permits, consents and authorisation required for the EPS. There is also no certainty that FID will be taken. If such approvals are not obtained or FID is not taken, there is a risk that the EPS will be delayed and/or cancelled resulting in significant regret costs and economic loss to the Group. There is a risk that such approvals if granted are subject to conditions and restrictions which may increase the costs and lower the overall profitability of the EPS, restricting the Company's future revenues and operational activities.

1.8. The Group's success is dependent upon its ability to attract and retain key personnel

The Group's success depends, to a large extent, on certain of its key personnel having expertise in the areas of exploration and development, operations, engineering, business development, oil and gas marketing, finance and accounting. The Group was founded by Dr Trice and since then a number of key people have been retained by the Group and these people are influential to the development and continued operation of the Group's business. The loss of the services of any key personnel (in particular Dr Trice and the Company's Chief Operations Officer, Mr Platt) could have a material adverse effect on the Group.

The Group does not maintain, nor does it plan to obtain, insurance against the loss of any of its key personnel. In addition, the competition for qualified personnel in the oil and gas industry is intense. There can be no assurance that the Group will be able to continue to attract and retain all personnel necessary for the development and operation of its business.

1.9. The Group may be unable to manage the growth in its operations

The Group has experienced significant growth and development in a relatively short period of time. Management of that growth requires, among other things: implementation and continued development of financial, management and other controls, including financial and reporting procedures, and information technology systems; and hiring, training, motivating and retaining quality personnel. Failure to successfully manage the Group's business and expected growth and development could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Further, no assurance can be given that the Group's investment strategies can be implemented in the future.

1.10. Fluctuations in currency exchange rates may materially and adversely affect the Group's financial condition and results of operation

The procurement and service contracts, and certain other equipment and offshore services contracts that the Group enters into, are predominantly denominated in US dollars and sterling. The Group's cash and cash equivalents are also predominately held in US dollars and sterling however, the cash balances held by the Group may not exactly match actual or expected commitments in that currency. Any hedging that the Group enters into is likely to be imperfect. As a result, the Company is potentially exposed to adverse fluctuations in the exchange rates between sterling and US dollars. It is also exposed to any adverse fluctuations in the exchange rates between sterling, US dollars, and other currencies in which the Group may need to make payments, such as Euros.

1.11. Future litigation could adversely affect the Group's business, results of operations or financial condition

Damages and/or other remedies claimed under any litigation are difficult to predict, and may be material. The outcome of such litigation may materially impact the Group's business, financial condition, results of operations and prospects. While the Group will assess the merits of each lawsuit and defend itself accordingly, it may be required to incur significant expenses or devote significant resources to defending itself against such litigation. In addition, adverse publicity surrounding such claims may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.12. The Group cannot accurately predict its future decommissioning liabilities

The Group, through its licence interests, expects to assume certain obligations in respect of the decommissioning of its wells, fields and related infrastructure. These liabilities are derived from legislative and regulatory requirements concerning the decommissioning of wells and production facilities and require the Group to make provisions for and/or underwrite the liabilities relating to such decommissioning. It is difficult to accurately forecast the costs that the Group will incur in satisfying its decommissioning obligations. When its decommissioning liabilities crystallise, the Group will be liable either on its own or jointly and severally liable for them with any other former or current partners in the field. In the event that it is jointly and severally liable with other partners and such partners default on their obligations, the Group will remain liable and its decommissioning liabilities could be magnified significantly through such default. Any significant increase in the actual or estimated decommissioning costs that the Group incurs may adversely affect its financial condition.

1.13. The Group may farm down part of its licence interests and may rely on third parties to operate such licence interests and/or offshore operations

In due course the Group may, subject to regulatory consent, farm down part of its licence interests to third parties, some of which may act as operator. Operating agreements with third party operators typically provide for a right of consultation or consent in relation to significant matters and generally impose standards and requirements in relation to the operator's activities. However, in the event that the Group does not act as operator in respect of certain of its licence interests and/or offshore operations (including wells), the Group will generally have limited control over the day-to-day management or operations of those assets and will therefore be dependent upon the third-party operator. A third-party operator's mismanagement of an asset may result in significant delays or materially increased costs to the Group. The Group's return on assets operated by others will therefore depend upon a number of factors that may be outside the Group's control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

Generally, failure by any licence partner (whether the operator or otherwise) to fulfil its financial obligations may increase the Group's exposure related to the licence in question. Any significant increase in costs as a consequence of joint and several liabilities may materially adversely affect the financial condition of the Group.

1.14. Risk to farmout sale

The Company strategy is to attract other major industry partners to either farm-in to the Company's assets or to acquire the Company. There can be no guarantee that the Company will be able to do so on attractive terms or at all.

1.15. Reliance on third party infrastructure

The Group's activities and business model of field development are dependent upon the current and future availability of third party infrastructure which if it fails, or is not, or ceases to be, available on reasonable commercial terms, or at all, may result in delays to field development and production or impossibility of field development and production which would result in delayed, lower than expected or no cash generation by the Group. This would have a material adverse effect on the Group's business, prospects, financial condition and operations.

1.16. The Group will incur regret costs for the proposed Project and may be required to surrender Licence P1368 if Shareholders do not approve the Fundraising

The Group has incurred and has committed to significant expenditure with key contractors to secure, progress and continue planning, project management, engineering, procurement, fabrication and construction of critical path long lead items, raw materials, components, equipment, vessels and services required to achieve First Oil from the EPS during the first half of 2019. In the event that Shareholders do not approve all of the Resolutions required to approve and carry out the Fundraising, the Group will have to terminate all Project Contracts / contracts entered into connection with the development of the EPS and will be liable for all expenditure incurred up to the date of cancellation. In addition, the Group will be liable for certain cancellation fees and regret costs, and may be liable for unknown third party claims, arising as a result of such termination.

Without the proceeds of the Fundraising, there is no certainty that the Group will have sufficient funds or will be able to obtain sufficient funds, to satisfy the Group's liabilities arising from the termination of the Project Contracts and there is no certainty that the Group will have sufficient funds or resources to meet its ongoing and future liabilities.

Without the proceeds of the Fundraising, there is a significant risk that the Group will be unable to obtain alternative funding solutions in a timely manner and in sufficient quantum to continue the Project on schedule for First Oil in the first half of 2019, or defer and/or continue the Project on a revised schedule.

The Group is required as a condition to the continuation of Licence P1368 (which contains the Lancaster field, the Company's principal asset) to obtain regulatory approval for the EPS on or before 31 December 2017. In the event the Fundraising is not approved by Shareholders, and in the absence of alternative funding solutions, the Group will be unable to satisfy the financial capability requirements for the purpose of obtaining regulatory approval for the EPS. Consequently, the Group would be unable to progress the development of the EPS and, may be required by its regulator to surrender all or part of Licence P1368. In such circumstances, there is no certainty that the Group would be able to obtain a waiver or variation of this licence condition from its regulator in a satisfactory form and there is a material risk, in such circumstances, that surrender of all or part of Licence P1368 would give rise to a significant impairment charge adversely affecting the Group's business, prospects, financial condition and operations.

1.17. Counterparty risk

The Group has entered into agreements with various independent contractors in relation to the Project. Whilst the Company has sought to negotiate robust contractual protections in the relevant agreements, in order to mitigate against the risks of counterparty default or insolvency, these risks cannot be extinguished entirely. To the extent a counterparty to any of the Project related agreements is unable to perform its contractual obligations under such agreements, defaults under its contractual obligations or is the subject of insolvency proceedings, this could have a material and adverse impact on the Project, result in a delay or cancellation of the Project or, in certain circumstances, result in a termination of the Group's contractual rights to the use and enjoyment of the FPSO (subject to quiet enjoyment arrangements with the Group), resulting in significant economic loss to the Group. Any such event is outside of the control of the Company.

2. RISKS RELATED TO THE OIL AND GAS INDUSTRY

2.1. A material decline in oil and gas prices may adversely affect the Group's results of operations and financial condition, and prices may not return to levels seen in recent years

Both oil and gas prices can be volatile and subject to fluctuation in response to relatively minor changes in the supply of, and demand for, oil and gas, market uncertainty and a variety of additional factors that are beyond the control of the Group. Historically and indeed recently, oil and gas prices have fluctuated widely for many reasons, including global and regional supply and demand; political, economic and military developments, and labour unrest, in oil and gas producing regions, particularly the Middle East; domestic and foreign governmental regulations and actions; global and regional economic conditions and weather conditions and natural disasters. It is impossible to predict accurately future oil and gas price movements. Accordingly, oil and gas prices may not remain at their current levels. Although the Group is not yet an active producer of oil and gas, declines in oil and gas prices may adversely affect market sentiment and as a consequence the market price of the Ordinary Shares and furthermore affect the Group's cash flow, liquidity and profitability, and limit the amount of oil and gas that the Group could potentially market in the future.

Although oil and gas prices have fallen significantly since mid-2014, they may not return to levels previously seen within any foreseeable timeframe.

The Group can give no assurance that future prices for oil and gas will be sufficient to generate an economic return. Any further decline in such prices could result in reduced cash flows from the Group's assets and a reduction in the valuation of the Group's assets, which in turn may result in a reduction in the debt available to the Group. This would have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

2.2. Conservation measures and technological advances could reduce demand for oil and natural gas

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, technological advances in fuel economy and energy-generation devices could reduce demand for oil and natural gas. The impact of the changing demand for oil and

natural gas services and products may have a material adverse effect on the Group's business, financial condition and results of operations.

2.3. Estimation of Reserves, Resources and production profiles is not exact

The estimation of oil and gas Reserves, and their anticipated production profiles, involves subjective judgements and determinations based on a number of variable factors and assumptions, such as expected reservoir characteristics based on geological, geophysical and engineering assessments, future production rates based on historical performance and expected future operating investment activities, future oil and natural gas prices and quality differentials, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. They are not exact determinations and are inherently uncertain. In addition, these judgements may change based on new information from production or drilling activities or changes in economic factors, as well as from developments such as acquisitions and disposals, new discoveries and extensions of existing fields and the application of improved recovery techniques. 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 information assembled by the Group. The estimates may prove to be incorrect and potential investors should not place undue reliance on the forward-looking statements contained in this document concerning the Group's Reserves and Resources or production levels.

If the assumptions upon which the estimates of the Group's Reserves, Resources or production profiles have been based prove to be incorrect, the Group may be unable to recover and produce the estimated levels or quality of oil and gas set out in this document and this may have a material adverse effect on the Group's business.

2.4. The Group may miss out on operational opportunities if it is unable to successfully co-ordinate its development, appraisal and exploration projects

The Group's operational projects require key asset delivery personnel to be resourced and the co-ordination of a number of activities including obtaining seismic data, carrying out subsea surveys and securing vessels, rigs, long lead items and equipment necessary for its work programmes and drilling. A failure to procure these items in a timely manner may delay operations and increase expenditure. If the Group fails to successfully obtain the necessary personnel in time or to co-ordinate the timely delivery or completion, as the case may be, of any of its planned activities, it may miss out on operational opportunities or may be required to incur additional expenditure.

2.5. Development, exploration and appraisal projects do not necessarily result in a profit on the investment or the recovery of costs

Development, exploration and appraisal activities are capital intensive and inherently uncertain in their outcome. The Group's oil and gas development, exploration and appraisal projects may involve unprofitable efforts, either from dry wells or from wells that are productive but do not produce sufficient net revenues to return a profit after development, operating and other costs. Completion of a well does not guarantee a profit on the investment or recovery of the costs associated with that well. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity, adverse geological conditions and technical and operational difficulties as a result of the water depth and strata depth of the drilling environment (including operational difficulties in avoiding drilling fluid losses and preventing substantial formation damage during drilling) and other factors.

While diligent well supervision, reservoir management and effective maintenance operations can contribute to maximising production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and may adversely affect the Group's business, financial condition, results of operations and prospects.

2.6. The Group's operations are subject to a number of risks and hazards that may result in material losses in excess of insurance proceeds

Oil and gas exploration, development and production operations are inherently risky and hazardous. Risks typically associated with these operations include unexpected formations or pressures, premature decline of reservoirs, drilling damage (which can lead to reduced productivity), early water encroachment and the intrusion of water into producing formations. Losses resulting from the occurrence of any of these risks could have a material adverse effect on the Group's business, financial position, results of operations and prospects. Hazards typically associated with offshore oil and gas exploration, development and production operations include fires, explosions, blowouts, marine perils (including severe storms and other adverse weather conditions which may restrict the periods in which the Group can implement its drilling programme), vessel collisions, gas leaks and oil spills, each of which could result in substantial damage to oil and gas wells, production facilities, other property and the environment or in personal injury or could result in government intervention which could in turn negatively impact on the Group's operations. Oil and gas installations are also known to be likely objects, and even targets, of military operations and terrorism.

Although the Group will exercise due care in the conduct of its business and obtains insurance prior to drilling in accordance with industry standards to cover certain of these risks and hazards, insurance is subject to limitations on liability and, as a result, may not be sufficient to cover all of the Group's losses. In addition, the risks or hazards associated with the Group's operations may not in all circumstances be insurable or, in certain circumstances, the Group may elect not to obtain insurance to deal with specific events due to the high premiums associated with such insurance or for other reasons. The occurrence of a significant event against which the Group is not fully insured, or the insolvency of the insurer of such event, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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

The Group's oil and gas operations are principally subject to the laws and regulations of England (and in certain instances Scotland), including those relating to health and safety, the environment and the production, pricing and marketing of oil and gas. In addition, the Group will be subject to laws affecting taxation, royalties and duties. In order to conduct its operations in compliance with these laws and regulations, the Group must obtain licences and permits from various government authorities. The grant, continuity and renewal of the necessary approvals, permits, licences and consents, including the timing of obtaining such licences and the terms on which they are granted, are subject to the discretion of the relevant governmental and local authorities in the United Kingdom and cannot be assured. In addition, the Group may incur substantial costs in order to maintain compliance with these existing laws and regulations and additional costs if these laws are revised or if new laws affecting the Group's operations are passed. No assurance can be given that relevant governments and local authorities will not revoke, or significantly alter the conditions of, the applicable exploration and development approvals, permits, licences and consents or that such exploration and development approvals, permits, licences and consents will not be challenged or impugned by third parties.

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

The Group's operations and assets are affected by numerous laws and regulations concerning EHS matters including, but not limited to, those relating to discharges of hazardous substances into the environment, the handling and disposal of waste and the health and safety of employees. The technical

requirements of these laws and regulations are becoming increasingly complex, stringently enforced and expensive to comply with and this trend is likely to continue. Any failure to comply with EHS laws and regulations may result in regulatory action (which strict, joint and several liability can include statutory orders requiring steps to be taken or prohibiting certain operations), the imposition of fines or the payment of compensation to third parties. All of these liabilities and any other regulatory actions could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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

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

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

2.10. The Group operates in a competitive industry

The Group competes for scarce resources with numerous other participants, including major international oil and gas companies, in the search for and the acquisition of oil and gas assets, and in the marketing of oil and gas. The Group's ability to increase Resources and Reserves will depend not only on its ability to exploit and develop its present assets but also on its ability to select and acquire suitable producing assets or prospects for exploratory or appraisal drilling. A number of the Group's competitors have substantially greater financial and personnel resources. Larger and better capitalised competitors may be in a position to outbid the Company for particular licences and such competitors may be able to secure rigs for drilling operations preferentially to the Company. These competitors may also be better able to withstand sustained periods of unsuccessful drilling or production. Larger competitors may be able to absorb the burden of any changes in law and regulations more easily than the Company, which would adversely affect its competitive position. In addition, many of the Group's competitors have been operating for a much longer time and have demonstrated the ability to operate through industry cycles.

The Group's competitors have strong market power as a result of several factors, including the diversification and reduction of risk, including geological, price and currency risks; greater financial strength facilitating major capital expenditures; greater integration and the exploitation of economies of scale in technology and organisation; strong technical experience; increased infrastructure and Reserves and strong brand recognition. In addition, there is an increased risk of competition should these companies decide to expand their operations into exploiting fractured basement reservoirs. Due to this competitive environment, the Group may be unable to acquire attractive, suitable assets, licences or prospects on terms that it considers acceptable. As a result, the Group's revenues may be adversely affected, thereby materially and adversely affecting its business, financial condition, results of operations and prospects.

Generally, risk is reduced through diversification. Diversification is maximised for example by drilling a large number of wells on a large number of exploration prospects having differing geological characteristics, in differing regulatory jurisdictions. The Group's current strategy is heavily

focussed on offshore UK, and therefore has limited diversification in terms of the jurisdictions that it operates in.

2.11. The Group's tax liability could increase substantially as a result of changes in, or new interpretations of, tax laws in the United Kingdom

The Group is subject to taxation in the United Kingdom where it is faced with increasingly complex tax laws. The amount of tax the Group pays could increase substantially as a result of changes in, or new interpretations of, these laws, which could have a material adverse effect on its liquidity and results of operations. During periods of high profitability in the oil and gas industry, there are often calls for increased or windfall taxes on oil and gas revenue. Taxes have increased or been imposed in the past and may increase or be imposed again in the future. Levels of taxation relief may also decrease or be no longer available to the Group due to changes in, or new interpretations of, tax laws. In addition, taxing authorities could review and question the Group's tax returns leading to additional taxes and penalties which could be material. The tax treatment of decommissioning expenditure (where relevant) could also have a material impact on the economics of the Group's assets.

2.12. Macroeconomic risks could result in an adverse impact on the Group's financial condition

Global economic slowdowns may adversely affect the Group's major operations. The links between economic activities in different markets and sectors are complex and depend not only on direct drivers such as the balance of trade and investment between countries, but also on domestic monetary, fiscal and other policy responses to address macroeconomic conditions.

2.13. Risk of crime and corruption

Oil and gas companies have been known to experience high levels of criminal activity and governmental and business corruption. They may be particular targets of criminal or terrorist actions. Criminal, corrupt or terrorist action against the Group and its directly or indirectly held assets or facilities could have a material adverse impact on the Group's business, results of operations or financial condition. In addition, the fear of criminal or terrorist actions against the Group could have an adverse effect on the ability of the Group to adequately staff and/or manage its operations or could substantially increase the costs of doing so.

The Company is not aware of any current or threatened investigations relating to or any adverse findings against the Company or any of its directors, employees, officers or joint venture partners. If any such investigations are made and substantiated in future against the Company, its directors, officers, employees or potentially its joint venture partners, or such persons are found to be involved in corruption or other illegal activity, this could result in criminal or civil penalties, including substantial monetary fines, against the Company, its directors, officers or employees. Any such findings in the future could damage the Company's reputation and its ability to do business and could adversely affect its financial condition and results of operations. Furthermore, alleged or actual involvement in corrupt practices or other illegal activities by any joint venture partners of the Company, or others with whom the Company directly or indirectly conducts business, could also damage the Company's reputation and business and adversely affect the Company's financial condition, results of operations and prospects.

2.14. The Group is subject to cyber risks

The Group is at risk of financial loss, reputational damage and general disruption from a failure of its IT systems or an attack for the purposes of espionage, extortion, terrorism or to cause embarrassment. Any failure of, or attack against, Hurricane's IT systems may be difficult to prevent or detect, and Hurricane's internal policies to mitigate these risks may be inadequate or ineffective. Hurricane may not be able to recover any losses that may arise from a failure or attack.

2.15. The Group faces risks relating to the UK's membership of the European Union and the possible future independence of Scotland

A referendum was held in the UK on 23 June 2016 on whether the UK will remain a member of the European Union, the result of which was a vote to leave. On 29 March 2017, the United Kingdom notified the European Council in accordance with Article 50 of the Treaty on European Union of its intention to withdraw from the European Union. The Group faces risks associated with the potential uncertainty during the period following the referendum and the notice given by the United Kingdom on 29 March 2017 of its intention to withdraw from the European Union. The consequences that may flow from exiting the European Union are at this stage uncertain. Leaving the European Union could materially change the legal and regulatory framework that would be applicable to the Group's operations in the future. It is not possible to predict whether the consequences of these uncertainties will have a positive or negative impact on the Group's business, financial condition, results of operations and prospects.

There will also be potential uncertainty in the case of any future vote on independence in Scotland, for example resulting from the decision in the UK referendum on 23 June 2016 to leave the European Union. It is uncertain whether the consequences of independence in Scotland would have a positive or negative impact on the Group's business and prospects, for example on the Group's ability to obtain services from Scottish companies and on the economic rates at which the Group may be able to deliver hydrocarbons into Scotland in future.

3. RISKS RELATING TO THE ORDINARY SHARES AND THE CONVERTIBLE BONDS

3.1. Future sales of Ordinary Shares could adversely affect the market price of the Ordinary Shares

Sales of additional Ordinary Shares into the public market following the Fundraising could adversely affect the market price of the Ordinary Shares if there is insufficient demand for the Ordinary Shares at the prevailing market price.

3.2. If the Resolutions are not passed, the Company will not be able to proceed with the Fundraising in the form currently envisaged

The Fundraising is conditional, *inter alia*, on the passing of the Resolutions. In the event that the Resolutions are not passed, the Company will not be able to proceed with the Fundraising, with the result that the anticipated net proceeds of the Fundraising will not become available to fund proposed upcoming expenditure and achieve the objectives currently pursued by the Board. The Group's business plan and growth prospects may be adversely affected as a result.

3.3. The Placing Shares will, and Ordinary Shares that may be issued under the Convertible Bond Offering may, give rise to dilution for Shareholders

The Placing Shares will, and the Ordinary Shares that may be issued under the Convertible Bond Offering may, give rise to dilution for Shareholders. The effect of the Placing will be to reduce the proportionate ownership and voting interests in the Ordinary Shares of holders of Existing Ordinary Shares. As a result, a Shareholder that does not participate in the Placing will experience a dilution in its interest as a result of the Placing. Shareholders will experience further dilution in the event of any conversion of the Convertible Bonds, unless the Company elects to pay cash instead of delivering the Ordinary Shares.

3.4. The issuance of additional Ordinary Shares in the Company in connection with future fundraising activities or otherwise may dilute all other shareholdings and may impact the price of the Ordinary Shares

In addition to the Fundraising necessary to complete development of the Project, the Company may also seek to raise financing to fund other growth opportunities, invest in its business, or for general corporate purposes. Issuing additional equity securities or debt securities convertible into equity securities may be a more attractive option for the Company than additional debt financings. Any

additional equity financings, depending on structure, would likely result in dilution in the percentage ownership of Shareholders and may involve the use of securities that have rights, preferences, or privileges senior to the Ordinary Shares which may adversely affect the price of the Ordinary Shares.

3.5. There is no public market for the securities of the Company in the United States or elsewhere outside the United Kingdom

The securities to be issued pursuant to the Placing and the Convertible Bond Offering will not be registered under the US Securities Act or the relevant laws of any state or other jurisdiction of the United States or those of any restricted jurisdictions and Placing Shares may not be resold, transferred or delivered, directly or indirectly, within such jurisdictions except pursuant to an applicable exemption from the registration requirements of the US Securities Act and in compliance with any other applicable securities laws. The Company has no intention to list or to apply for admission to trading of securities on any securities exchange or interdealer quotation system other than AIM, in the case of the Placing Shares, or The International Stock Exchange (or another recognised stock exchange), in the case of the Convertible Bonds. As a consequence, an active trading market is not expected to develop for the securities outside the United Kingdom and investors may not be able to sell the Ordinary Shares or the Convertible Bonds or achieve an acceptable price. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

3.6. Pre-emption rights may not be available to Overseas Shareholders of Ordinary Shares

In the case of certain increases in the Company's issued share capital, holders of Ordinary Shares have the benefit of statutory pre-emption rights to subscribe for such shares, unless Shareholders waive such rights by a resolution passed at a Shareholders' meeting, or in certain other circumstances. United States and other overseas holders of shares are very likely to be excluded from exercising any such pre-emption rights they may have, unless a registration statement under the US Securities Act is effective with respect to those rights, or an exemption from the registration requirements under the US Securities Act is available. The Company is unlikely to file any such registration statement, and the Company cannot assure prospective investors that any exemption from those registration requirements would be available to enable United States or other overseas shareholders to exercise such pre-emption rights or, if available, that the Company will utilise any such exemption.

3.7. Investors may be exposed to fluctuations in currency exchange rates

The Ordinary Shares are priced in pounds sterling, and will be quoted and traded in pounds sterling. Accordingly, Shareholders resident in non-UK jurisdictions are subject to risks arising from adverse movements in the value of their local currencies against pounds sterling, which may reduce the value of the Ordinary Shares. This is particularly relevant given the uncertainty around the UK's exit from the European Union.

3.8. The ability of Overseas Shareholders to bring actions or enforce judgements against the Company or the Directors may be limited

The ability of an Overseas Shareholder to bring an action against the Company may be limited under law. The Company is a public limited company incorporated in England and Wales. The rights of holders of Ordinary Shares are governed by English law and by the Articles. These rights differ from the rights of shareholders in typical US corporations and some other non-UK corporations. An Overseas Shareholder may not be able to enforce a judgement against the Company, the Group or some or all of the Directors and executive officers. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the Company or the Directors and executive officers within the Overseas Shareholder's country of residence or to enforce against the Company or the Directors and executive officers within the Overseas Shareholder's country of residence or to enforce against the Company or the Directors and executive officers' judgements of courts of securities laws. There can be no assurance that an Overseas Shareholder will be able to enforce any judgements in civil and commercial matters or any judgements under the securities laws of countries

other than the UK against the Company or the Directors or executive officers who are residents of the UK or countries other than those in which judgement is made. In addition, English or other courts may not impose civil liability on the Company or the Directors or executive officers in any original action based solely on foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction in England or other countries.

3.9. The Company's securities may not be suitable as an investment

The Company's Ordinary Shares and/or the Convertible Bonds may not be a suitable investment for all investors. Before making a final decision, investors are advised to consult an independent investment adviser authorised under the FSMA who specialises in advising on the acquisition of shares and other securities. The value of the Company's securities and any income received from them can go down as well as up and investors may get back less than their original investment.

3.10. The Company's Ordinary Shares are traded on AIM rather than the Official List

The Existing Ordinary Shares are, and the Placing Shares will be, traded on AIM rather than the Official List. An investment in shares traded on AIM may carry a higher risk than those listed on the Official List. The market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Group, divergence in financial results from analysts' expectations, changes in estimates by stock market analysts, general economic conditions, overall market or sector sentiment, legislative changes in the Group's sector and other events and factors outside of the Group's control. Stock markets have from time to time experienced severe price and volume fluctuations, a recurrence of which could adversely affect the market price for the Ordinary Shares. Prospective investors should be aware that the value of the Ordinary Shares may be volatile and could go down as well as up, and investors may therefore not recover their original investment especially as the market in the Ordinary Shares may have limited liquidity. Admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares.

3.11. The Company's share price fluctuates

The market price of the Ordinary Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding the Ordinary Shares (or securities similar to them). Such risks depend on the market's perception of the likelihood of success of the Fundraising, and/or may occur in response to various facts and events, including any variations in the Group's operating results, business developments of the Group and/or its competitors. Stock markets have, from time to time, experienced significant price and volume fluctuations that have affected the market prices for securities and which may be unrelated to the Group's operating performance or prospects. Furthermore, the Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the Ordinary Shares and investors may, therefore, not recover their original investment.

Any sale of Ordinary Shares could have an adverse effect on the market price of the Ordinary Shares. Furthermore, it is possible that the Company may decide to offer additional shares in the future. An additional offering could also have an adverse effect on the market price of the Ordinary Shares.

3.12. The Company does not plan on making dividend payments in the foreseeable future

There can be no assurance as to the level of future dividends. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Directors and will depend on, among other things, the Company's results of operations and financial condition, its future business prospects, any applicable legal or contractual restrictions and availability of profits. A dividend may never be paid and, at present, there is no intention to pay a dividend.

3.13. Major shareholder Kerogen Capital is able to exercise significant influence over matters requiring Shareholder approval

Kerogen Capital currently owns 28.94 per cent. in aggregate of the Existing Ordinary Shares.

As a result, Kerogen Capital is able to exercise a significant degree of influence over matters requiring Shareholder approval, including the election of Directors and significant corporate transactions. As noted in Part I of this document, Kerogen Capital is participating in the Placing.

The risks above do not necessarily comprise all those faced by the Company and are not intended to be presented in any assumed order of priority. The investment offered in this document may not be suitable for all of its recipients. Investors are accordingly advised to consult an investment adviser, who is authorised under the FSMA if you are resident in the United Kingdom or, if not, from another appropriate authorised independent financial adviser and who or which specialises in investments of this kind before making a decision to apply for Placing Shares or Convertible Bonds.

HURRICANE ENERGY PLC

(Incorporated and registered in England and Wales under the Companies Act 2006 with registered No. 05245689)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of Hurricane Energy plc (the “Company”) will be held at the offices of Dentons UKMEA LLP, One Fleet Place, London EC4M 7RA on 21 July 2017 at 10.00 a.m. to consider and, if thought fit, pass the following resolutions of which Resolution 1 will be proposed as an ordinary resolution and Resolution 2 as a special resolution.

ORDINARY RESOLUTION

1. **THAT**, in addition to all other powers granted to the Directors at the Company’s Annual General Meeting on 7 June 2017, in accordance with section 551 of the Companies Act 2006 (the “Companies Act”), the Directors be generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to a maximum aggregate nominal amount of £1,284,106.83 (being equal to 1,284,106,830 Ordinary Shares) pursuant to the Placing, the issue of the Convertible Bonds and upon each Convertible Bond Conversion, if applicable, each as defined in the circular to Shareholders of which this Notice forms part (the “Circular”), provided that this authority will expire on the date falling six months from the date of the passing of this Resolution (unless renewed varied or revoked by the Company prior to or on that date) but the Company may, before this authority expires, make an offer or agreement which would or might require shares in the Company or rights to be allotted or granted after this authority expires and that the Directors may allot shares in the Company or grant rights pursuant to such an offer or agreement as if the authority conferred by this Resolution had not expired.

SPECIAL RESOLUTION

2. **THAT**, in addition to all other powers granted to the Directors at the Company’s Annual General Meeting on 7 June 2017, subject to and conditional upon the passing of Resolution 1 above, in accordance with section 571(1) of the Companies Act, the Directors be empowered to allot equity securities for cash (within the meaning of section 560 of the Companies Act) pursuant to the authority conferred by Resolution 1 above, as if section 561 of the Companies Act did not apply to any such allotment, provided that this power shall:
 - (a) be limited to the allotment of equity securities pursuant to the Placing, the issue of the Convertible Bonds and upon each Convertible Bond Conversion, if applicable, up to an aggregate nominal value of £1,284,106.83 (being equal to 1,284,106,830 Ordinary Shares); and
 - (b) expire on the date falling six months from the date of passing this Resolution but may be previously revoked or varied by special resolution and so that the Company may, before such expiry, revocation or variation, 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 any such offer or agreement as if such power had not expired.

By order of the Board:

Dr Robert Arnott

Chairman
Hurricane Energy plc

4 July 2017

Registered Office:

Ground Floor
The Wharf
Abbey Mill Business Park
Lower Eashing, Godalming
Surrey, GU7 2QN

Notes to the Notice of General Meeting

1. Only those members who are entered in the register of members of the Company as at 6.00 p.m. on 19 July 2017 or, in the event the Meeting is adjourned, at 6.00 p.m. on the day before the adjourned meeting, shall be entitled to attend and vote at the Meeting in respect of the number of shares registered in their names at that time. Changes to entries in the register of members of the Company after 6.00 p.m. on 19 July 2017 or, in the event that the Meeting is adjourned, after 6.00 p.m. on the day before the adjourned meeting, shall be disregarded in determining the rights of any person to attend and vote at the Meeting. This is the time specified by the Company for the purposes of Regulation 41 of the Uncertificated Securities Regulations 2001.
2. A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, to speak and to vote at the Meeting. A member may appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. To appoint more than one proxy, you will need to complete a separate proxy form in respect of each appointment. A proxy need not be a member of the Company. A proxy form for the Meeting is enclosed.
3. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.
4. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
5. The appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.
6. To appoint a proxy using the proxy form, the form must be completed and signed, sent or delivered to the Company's registrars at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY and received by the Company's registrars no later than 10.00 a.m. on 19 July 2017. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
7. You can appoint a proxy electronically by going to www.investorcentre.co.uk/eproxy and following the online instructions. For an electronic proxy appointment to be valid, your appointment must be logged on the website using the details contained in your proxy form no later than 10.00 a.m. on 19 July 2017.
8. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available from <https://www.euroclear.com/site/public/EUI>). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID number 3RA50) by not later than 48 hours (excluding non-working days) before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
10. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
12. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
13. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
14. To change your proxy instructions simply submit a new proxy appointment using the methods set out above or contact Computershare Investor Services PLC on 0370 707 1733. Note that the cut-off time for receipt of proxy appointments (see above)

also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

