Proposed Placing and Proposed Convertible Bond Offering

29 June 2017

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Hurricane Energy plc

("Hurricane" or the "Company")

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

Hurricane Energy plc, the UK-based oil and gas company focused on hydrocarbon resources in naturally fractured basement reservoirs, is pleased to announce that it is proposing to raise approximately US$520 million (the “Fundraising”).

<u>Highlights</u>

- Proposed placing of new Ordinary Shares (the "Placing Shares") to raise gross proceeds of a minimum of US$300 million at a price of 32 pence per Placing Share (the "Placing Price") (the “Placing”).

- Convertible Bond Offering to raise US$220million, subject to an additional US$10 million over-allotment option. Further details of the Convertible Bond Offering are contained in a separate announcement issued by the Company at or around the time of this Announcement.

- Structuring the Fundraising as a Placing and Convertible Bond Offering allows the Company to have control over the timing of receipt of funds and thus ensures that the Company is able to meet the schedule towards final investment decision (“FID”) on the initial phase of development of Lancaster – an Early Production System (“EPS”) – in summer 2017.

- The EPS is expected to produce 17,000 barrels of oil per day and provide data required to plan a full field development of Lancaster ("FFD").

- The Fundraising is expected to allow the Company to maintain its target for First Oil in the first half of 2019.

The Placing is being conducted through an accelerated bookbuilding process (the "Bookbuild") which will be launched immediately following this Announcement and will be made available to eligible institutional investors. The Bookbuild is expected to close no later than 4.30 p.m. on 30 June 2017, but the Joint Bookrunners and the Company reserve the right to close the Bookbuild earlier or later, without further notice.

The Placing Price is equivalent to a discount of 6.6 per cent. to the closing share price on AIM on 28 June 2017 (being the last Business Day prior to this Announcement).

The number of Placing Shares to be issued will be determined based on the exchange rate between the U.S. dollar and pound sterling on the date on which the Bookbuild is closed. Any reference to gross or net proceeds in this Announcement or any other amount in this Announcement stated in US$ assumes an exchange rate of 0.78:1, being the exchange rate between the U.S. dollar and pound sterling on 29 June 2017.

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.

The Company's largest shareholder, Kerogen Capital has indicated that it intends to subscribe in the Placing in an amount of US$35 million. The ultimate allocation to Kerogen Capital is at the absolute discretion of the Joint Bookrunners and the Company.

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 approximately 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.

Cenkos Securities plc ("Cenkos") is acting as Nominated Adviser and Joint Bookrunner to the Company in connection with the Placing. Stifel Nicolaus Europe Limited ("Stifel") is acting as Joint Bookrunner to the Company in connection with the Placing (together with Cenkos, the "Joint Bookrunners"). Evercore Partners International LLP ("Evercore") is acting as Financial Adviser to the Company in connection with the Fundraising.

Bookbuild

The Bookbuild will open with immediate effect following this Announcement. The number of Placing Shares will be determined following the close of the Bookbuild. The Placing Shares, when issued, will be fully paid and will rank pari passu in all respects with the Existing Ordinary Shares.

It is expected that the Bookbuild will close before 4:30 p.m. on 30 June 2017. However, the timing of the closing of the Bookbuild and allocations are at the absolute discretion of Joint Bookrunners and the Company. Details of the results of the Placing will be announced as soon as practicable after the close of the Bookbuild.

Investors' attention is drawn to the detailed terms and conditions of the Placing described in Appendix 1 and the risks described in Appendix 2 (each of which form part of this Announcement). By choosing to participate in the Placing and by making an oral and legally binding offer to acquire Placing Shares, investors will be deemed to have read and understood this Announcement in its entirety and to be making such offer on the terms and subject to the conditions in it, and to be providing the representations, warranties and acknowledgements contained in Appendix 1.

Key Information

A General Meeting is expected to be held at the offices of Dentons UKMEA LLP at One Fleet Place, London EC4M 7RA for the purpose of passing certain Resolutions in relation to the proposed Placing and the Convertible Bond Offering. It is currently anticipated that this General Meeting will be held on or around 21 July 2017 to approve the Resolutions in connection with the Fundraising. The Circular, containing a notice of the General Meeting, the Resolutions and further details on the Fundraising, is expected to be despatched to Shareholders of the Company on or about 4 July 2017, outlining terms of the Fundraising, the Resolutions and recommending all shareholders to vote in favour of all the Resolutions.

The Placing and the Convertible Bond Offering are conditional upon the Resolutions being passed by the Shareholders at the General Meeting (or an adjournment thereof) and, in respect of the Placing, the Placing Agreement otherwise becoming unconditional in all respects (save for Admission) and not having been terminated in accordance with its terms prior to Admission.

The conditions contained in the Placing Agreement include, inter alia, (i) the placing agreement in connection with the Convertible Bond Offering having been entered into and not having been terminated prior to Admission; (ii) 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; and (iii) Admission becoming effective by no later than 8.00 a.m. on 24 July 2017 (or such later date as the Company and the Joint Bookrunners may agree) in writing, being not later than 8.00a.m. on 31 July 2017).

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is currently expected that Admission will become effective, and that dealings in the Placing Shares will commence on AIM, at 8.00 a.m. on 24 July 2017.

Capitalised terms not otherwise defined in the text of this Announcement are defined in the Definitions section of this Announcement.

Use of Proceeds

The gross proceeds receivable by the Company pursuant to the Fundraising are expected to be approximately US$520 million, before expenses. The Company intends to use the proceeds it receives from the Fundraising, together with its existing cash resources, for development of the Project including capital expenditure and corporate costs through to First Oil, targeted for the first half of 2019.

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

Funding requirements	**US$ million**
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.

Expected Timetable

The times and dates set out below, and mentioned throughout this Announcement, are subject to change, and may be adjusted by the Company in consultation with the Joint Bookrunners. The timetable below also assumes that the Resolutions are all passed at the General Meeting without adjournment. In the event of any significant changes from the below expected timetable, details of the new times and dates will be notified by an announcement on a Regulatory Information Service.

Announcement of the Placing	**29 June 2017**
Announcement of the Convertible Bond Offering	**29 June 2017**
Closing of the Bookbuild*	**by 4.30 p.m. 30 June 2017**
Closing of the Bookbuild in relation to the Convertible Bond Offering*	**by 4.30 p.m. 30 June 2017**
Posting of the Circular and Form of Proxy	**4 July 2017**
General Meeting	**21 July 2017**
Admission and commencement of dealings in the New Ordinary Shares	**24 July 2017**
CREST accounts to be credited with New Ordinary Shares	**24 July 2017**

**Subject to Shareholder approval at the General Meeting*

Each of the times and dates above refer to British Summer Time.

Additional information on the Fundraising is included below. Attention is also drawn to the section of this Announcement headed 'Important Information', to Appendix 1 containing, inter alia, the terms and conditions of the Placing (representing important information for Placees only) and to Appendix 2 to this Announcement, containing, inter alia, certain risks relating to the Fundraising.

Dr Robert Trice, Chief Executive, commented:

"This Fundraising facilitates the key to unlocking value on the Company's wider portfolio: production and reservoir data that can only be acquired through long term production operations. Furthermore, the EPS is anticipated to generate returns at foreseeable oil prices.

The four back-to-back drilling successes in 2016-17 created the resource platform which has enabled the Company to move forward confidently with the EPS.

Building on the drilling success and EPS progression, Hurricane sees several catalysts for value creation in the near term, including FID on Lancaster, a revised CPR on Halifax, Lincoln and Warwick, progress with the EPS delivery and the potential for a successful conclusion to the ongoing farm out discussions. We look forward to updating the market in due course."

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Important Information

This Announcement 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 Placing 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.

The distribution of this Announcement and the offering of the Placing Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company or any of the Joint Bookrunners that would permit an offering of such shares or possession or distribution of this Announcement or any other offering or publicity material relating to such shares in any jurisdiction where action for that purpose is required. Persons into whose possession this Announcement comes are required by the Company and the Joint Bookrunners to inform themselves about, and to observe, any such restrictions.

This Announcement is not for release, publication or distribution, in whole or in part, directly or indirectly, in or into the United States, Australia, Canada, Japan or the Republic of South Africa or any jurisdiction into which the publication or distribution would be unlawful. This Announcement is for information purposes only and does not constitute an offer to sell or issue or the solicitation of an offer to buy or acquire shares in the capital of the Company in the United States, Australia, Canada, the Republic of South Africa or Japan or any jurisdiction in which such offer or solicitation would be unlawful or require preparation of any prospectus or other offer documentation or would be unlawful prior to registration, exemption from registration or qualification under the securities laws of any such jurisdiction.

The securities referred to in this Announcement have not been nor will be registered under the United States Securities Act of 1933, as amended ("Securities Act"), and 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 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 Announcement is being made in the United States, United Kingdom or elsewhere.*

Cenkos, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, 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 Announcement 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 for providing advice in relation to the contents of this Announcement or any matter referred to in it.

Stifel, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, 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 Announcement 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 for providing advice in relation to the contents of this Announcement or any matter referred to in it.

Evercore, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, 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 Announcement 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 for providing advice in relation to the contents of this Announcement or any matter referred to in it.

This Announcement has been issued by, and is the sole responsibility of, the Company. No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by either Cenkos, Stifel or Evercore or by any of their respective affiliates or agents as to or in relation to, the accuracy or completeness of this Announcement or any other written or oral information made available to or publicly available to any interested party or its advisers, and any liability therefore is expressly disclaimed.

Conversions from US$ to GBP in this announcement have been conducted at an exchange rate of 0.78:1.

All Reserves and Resources definitions and estimates shown in this report are based on the 2007 SPE/AAPG/WPC/SPEE Petroleum Resource Management System ("PRMS").

The technical information in this release has been reviewed by Dr Robert Trice, who is a qualified person for the purposes of the AIM Guidance Note for Mining, Oil and Gas Companies. Dr Robert Trice, Chief Executive Officer of Hurricane Energy plc, is a geologist and geoscientist with a PhD in geology and has over 30 years' experience in the oil and gas industry.

Additional Information

Introduction

The Company is pleased to announce that it proposes to raise gross proceeds of 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:

- Proposed placing of new Ordinary Shares to raise gross proceeds of a minimum of US$300 million at a price of 32 pence per Placing Share; and

- Convertible Bond Offering to raise US$220 million, subject to an additional over-allotment option of US$10 million. Further details of the Convertible Bond Offering are contained in a separate announcement issued by the Company at or around the time of this Announcement.

The Placing and the Convertible Bond Offering are conditional upon the Resolutions being passed by Shareholders at the General Meeting (or an adjournment thereof) and, in respect of the Placing, the Placing Agreement otherwise becoming unconditional in all respects (save for Admission) and not having been terminated prior to Admission.

The conditions contained in the Placing Agreement include, inter alia, (i) the placing agreement in connection with the Convertible Bond Offering having been entered into and not having been terminated prior to Admission; (ii) 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; and (iii) Admission becoming effective by not later than 8.00 a.m. on 24 July 2017 (or such later date as the Company and the Joint Bookrunners may agree in writing, being not later than 8.00am on 31 July 2017).

Neither the Placing nor the Convertible Bond Offering is being underwritten.

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 Appendix 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, in the event that the Bookbuild is closed, shareholders approve all Resolutions at the General Meeting.

<u>The Project</u>

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 characteristics 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.
- 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 Holding BV ("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.

Use of proceeds

The gross proceeds receivable by the Company pursuant to the Fundraising are expected to be approximately US$520 million, before expenses. 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;
- Hurricane'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	**US$ million**
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, Hurricane 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 Hurricane maintains cost risk for overruns.

<u>Update on farmout</u>

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.

<u>The Company's assets</u>

Lancaster

Lancaster was the first basement prospect drilled by Hurricane 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 (mTVDSS) at its shallowest point. Lancaster oil is relatively light at 38° API and of good quality, containing no CO_2 or H_2S. 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 Hurricane 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, Hurricane 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 tophole 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 May-2017 CPR (Note that PRMS advises that arithmetic addition of resources is not statistically correct)*

Details of the Placing

The Company is proposing to raise a minimum of US$300 million (before expenses) through the issue of Placing Shares to existing and other institutional investors at a price of 32 pence per Placing Share.

The Placing will be effected by way of the Bookbuild to be managed by the Joint Bookrunners and will be conducted in accordance with the terms and conditions set out in Appendix 1 and subject to the risks described in Appendix 2. The Bookbuild will commence with immediate effect and is expected to close no later than 4.30 p.m. on 30 June 2017, but the Joint Bookrunners and the Company reserve the right to close the Bookbuild earlier or later, without further notice.

The timing of the closing of the Bookbuild and allocations are at the absolute discretion of the Joint Bookrunners and the Company. The number of Placing Shares will be agreed by the Company with the Joint Bookrunners at the close of the Bookbuild. Details of the number of Placing Shares will be announced as soon as practicable after the close of the Bookbuild.

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 8.00 am on 24 July 2017.

This Announcement should be read in its entirety. In particular, your attention is drawn to the section of this Announcement headed "Important Information", to the detailed terms and conditions of the Placing and further information relating to the Bookbuild described in Appendix 1 and to Appendix 2 which contains detail of certain risks relating to the Fundraising. By choosing to participate in the Placing and by making an oral and legally binding offer to acquire Placing Shares, investors will be deemed to have read and understood this Announcement in its entirety (including the detailed terms and conditions in Appendix 1 and risks set out in Appendix 2) and to be making such offer on the terms and subject to the conditions in it, and to be providing the representations, warranties, acknowledgements and undertakings contained in Appendix 1.

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.

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, have 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 Announcement 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.

Convertible Bond Offering

Hurricane Energy plc, intends to issue US$220 million of convertible bonds due 2022 (the "Convertible Bonds"). The Convertible Bonds will be issued at par and are expected to carry a coupon in the range of 7 – 7.5 per cent per annum payable quarterly in arrears in equal instalments. The Convertible Bonds will be convertible into fully paid ordinary shares of the Company (subject to the right of the Company to pay a cash equivalent amount instead) with the initial conversion priced expected to be set at a premium in the range of 22.5 – 27.5 per cent above the Issue Price of the Placing.

Details of the Convertible Bond Offering are set out in a further announcement released at or around the time of this Announcement.

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

Participation by existing major shareholders and Related Party Transaction

The Company's largest shareholder, Kerogen Capital, has indicated that it will participate in the Placing in an amount of US$35 million. The ultimate allocation to Kerogen Capital is at the absolute discretion of the Joint Bookrunners and the Company.

To the extent that Kerogen Capital participates in the Placing, by virtue of its holding of more than ten per cent of the Existing Ordinary Shares, it is considered a related party of the Company under the AIM Rules and participation in the Placing will be considered a related party transaction under the AIM Rules.

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.

Risks

The attention of investors is drawn to the risks set out in Appendix 2, which provide additional information on, and certain risks relating to, the Fundraising.

General Meeting

It is anticipated that, to the extent that the Bookbuild is closed, the General Meeting will be convened by the Company on or around 21 July 2017 to approve the Resolutions in connection with the Fundraising. The Circular, containing a notice of the General Meeting, the Resolutions and further details on the Fundraising, is expected to be despatched to Shareholders of the Company on or about 4 July 2017, outlining terms of the Fundraising, the Resolutions and recommending all shareholders to vote in favour of all the Resolutions.

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 BV
"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
"Business Day"	any day which is not a Saturday, Sunday or public holiday on which banks are open for business in the City of London
"Cenkos"	Cenkos Securities plc
"certificated" or in "certificated form"	a share or other security which is not in certificated form

	(that is, not in CREST)
"Charter"	the bareboat charter agreement in respect of the FPSO dated 23 June 2017 between Bluewater (Aoka Mizu) N.V. and HGLA
"Circular"	the circular to be sent by the Company to the Shareholders in connection with the Fundraising
"Company" or "Hurricane"	Hurricane Energy plc, a company registered in England and Wales with company number 05245689
"Convertible Bonds"	the US$220 - US$230 million of convertible bonds due 2022 to be issued by Hurricane Energy plc, offered pursuant to the Convertible Bond Offering
"Convertible Bond Offering"	the offering of the Convertible Bonds as set out in more detail in a separate announcement by the Company on or about the date hereof
"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 Announcement
"Exchange Information"	certain business and financial information a Company is required to provide in accordance with the AIM Rules
"Existing Ordinary Shares"	the 1,227,988,123 Ordinary Shares currently in issue at the date of this Announcement
"FCA"	the Financial Conduct Authority
“FFD”	the 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
"FSMA"	the Financial Services and Markets Act 2000, as amended
"Fundraising"	the Placing and the Convertible Bond Offering
"FPSO"	the Curaçao flag floating production storage and offloading vessel, the Aoka Mizu
"HGLA"	Hurricane GLA Limited
"General Meeting"	the general meeting of the Company intended to be convened on or around 21 July 2017
"Group"	the Company, its subsidiaries, and its subsidiary undertakings
"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
"MAR"	the Market Abuse Regulations (Regulation 596/2014)
"Notice of General Meeting"	the notice convening the General Meeting which will be set out in the Circular
"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 proposed conditional placing of the Placing Shares at the Placing Price by the Joint Bookrunners, details of which are set out in this Announcement
"Placing Agreement"	the conditional agreement dated 29 June 2017 between the Company and the Joint Bookrunners relating to the Placing, further details of which are set out in this Announcement
“Placing Price”	32 pence per Ordinary Share
"Placing Shares"	the 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) Ltd and HGLA
"Pricing Announcement"	the announcement to be made by the Company following the close of the Bookbuild
"Prohibited Jurisdiction"	any jurisdiction including, without limitation, the United States, Canada, Australia, Japan, the Republic of South Africa or any other jurisdiction in which an offer or solicitation of the Placing Shares is or may be unlawful
“Project Documents”	the Bluewater EPC Contract, the POSA, the Charter, the TechnipFMC Integrated EPCI Contract, and the Well Management Contract
“Project”	the development and operation of the EPS
"Proxy Form"	the form of proxy for use in connection with the General Meeting which will accompany the Circular
"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 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
"UKCS"	the UK Continental Shelf
"uncertificated" or "in uncertificated form"	a share or security recorded in the Company's register of members as being held in uncertificated form, and title to which may be transferred by means of CREST
"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
"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 Hurricane
"£" 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
CO_2	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
H_2S	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
P50	denotes a scenario which has at least a 50 per cent. probability of occurring
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
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
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
spud	to start the well drilling process by removing rock, dirt and other sedimentary material with the drill bit
stb	stock tank barrel of oil
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
stb/d	stock tank barrel of oil per day
subsea equipment	fully submerged ocean equipment, comprising, *inter alia*,

	Christmas Trees and subsea control modules, electrical submersible pumps, variable speed drives and subsea umbilicals, risers and flexibles
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

APPENDIX 1 – TERMS AND CONDITIONS OF THE PLACING

IMPORTANT INFORMATION FOR PLACEES ONLY

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING (AS DEFINED BELOW). THIS ANNOUNCEMENT AND THE TERMS AND CONDITIONS SET OUT AND REFERRED TO HEREIN ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT PERSONS SELECTED BY CENKOS SECURITIES PLC ("CENKOS") AND/OR STIFEL NICOLAUS EUROPE LIMITED ("STIFEL" AND, TOGETHER WITH CENKOS, THE "JOINT BOOKRUNNERS" AND EACH A "JOINT BOOKRUNNER") WHO ARE (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA WHO ARE "QUALIFIED INVESTORS", AS DEFINED IN ARTICLE 2.1(E) OF DIRECTIVE 2003/71/EC AS AMENDED FROM TIME TO TIME AND INCLUDES ANY RELEVANT IMPLEMENTING DIRECTIVE MEASURE IN ANY MEMBER STATE (THE "PROSPECTUS DIRECTIVE") AND (B) IF IN THE UNITED KINGDOM, PERSONS WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS WHO FALL WITHIN THE DEFINITION OF "INVESTMENT PROFESSIONALS" IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 AS AMENDED (THE "ORDER") OR ARE PERSONS WHO FALL WITHIN THE DEFINITION OF "HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC" FALLING IN ARTICLE 49(2)(A) TO (D) OF THE ORDER AND (II) ARE "QUALIFIED INVESTORS" AS DEFINED IN SECTION 86 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("FSMA") OR (C) PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS ANNOUNCEMENT AND THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS.

DISTRIBUTION OF THIS ANNOUNCEMENT IN CERTAIN JURISDICTIONS MAY BE RESTRICTED OR PROHIBITED BY LAW. PERSONS DISTRIBUTING THIS ANNOUNCEMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO.

The Placing Shares (as defined below) have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or under the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold or delivered, directly or indirectly, in or into the United States absent registration except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. No public offering of the Placing Shares is being made in the United States. The Placing is being made (i) outside the United States in offshore transactions (as defined in Regulation S under the Securities Act ("Regulation S")) meeting the requirements of Regulation S under the Securities Act, and (ii) to a limited number of "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act in transactions that are exempt from or not subject to the registration requirements of the Securities Act. Persons receiving this Announcement (including custodians, nominees and trustees) must not forward, distribute, mail or otherwise transmit it in or into the United States.

THE PLACING SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY IN THE UNITED STATES, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE PLACING OR THE ACCURACY OF THIS ANNOUNCEMENT (INCLUDING THE APPENDICES). ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

This Announcement (including this Appendix) does not constitute an offer to sell or issue or a solicitation of an offer to buy or subscribe for Placing Shares in any jurisdiction including, without limitation, the United States, Canada, Australia, Japan, the Republic of South Africa or any other jurisdiction in which such offer or solicitation is or may be unlawful (a "Prohibited Jurisdiction"). This Announcement and the information contained herein are not for publication or distribution, directly or indirectly, to persons in a Prohibited Jurisdiction unless permitted pursuant to an exemption under the relevant local law or regulation in any such jurisdiction. No action has been taken by the Company, Cenkos, Stifel or any of their respective Affiliates (as defined below) that would permit an offer of the Placing Shares or possession or distribution of this Announcement (including the Appendices) or any other publicity material relating to such Placing Shares in any jurisdiction where action for that purpose is required. Persons receiving this Announcement are required to inform themselves about and to observe any such restrictions.

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

Any indication in this Announcement of the price at which the Ordinary Shares (as defined below) have been bought or sold in the past cannot be relied upon as a guide to future performance. Persons needing advice should consult an independent financial adviser. No statement in this Announcement is intended to be a profit forecast and no statement in this Announcement should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

Cenkos, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority ("FCA"), is acting for the Company and for no one else in connection with the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Cenkos or for affording advice in relation to the Placing, or any other matters referred to herein.

Stifel, which is authorised and regulated in the United Kingdom by the FCA, is acting for the Company and for no one else in connection with the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Stifel or for affording advice in relation to the Placing, or any other matters referred to herein. With respect to any offer or sale of securities in the United States, Stifel is acting as agent for and on behalf of its affiliate Stifel, Nicolaus & Company, Inc., a U.S. SEC registered broker-dealer pursuant to a Rule 15a-6 intra-group company agreement.

By participating in the placing (the "Placing") of new Ordinary Shares (the "Placing Shares") of 0.1 pence each in the capital of Hurricane Energy plc (the "Company"), each person who is invited to and who chooses to participate in the Placing by making or accepting an oral or written offer to take up Placing Shares, including any individuals, funds or others on whose behalf a commitment to take up Placing Shares is given (a "Placee"), is deemed to have read and understood this Announcement in its entirety (including the Appendices) and to be making or accepting such offer on the terms and conditions, and to be providing (and shall only be permitted to participate in the Placing on the basis that they have provided) the representations, warranties, undertakings, agreements and acknowledgements contained in this Appendix.

The offering of Placing Shares and the agreement arising from acceptance of the Placing is personal to each Placee and does not constitute an offering to any other person or to the public. A Placee may not assign, transfer, or in any manner, deal with its rights or obligations under the agreement arising from the acceptance of the Placing, without the prior written agreement of the Joint Bookrunners or in accordance with all relevant requirements.

Capitalised terms not otherwise defined in this Appendix are defined in the Announcement relating to the Placing of which this Appendix forms a part.

All times and dates in this Appendix are reference to times and dates in London (United Kingdom).

EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, REGULATORY, TAX, BUSINESS AND RELATED ASPECTS OF A PURCHASE OF PLACING SHARES.

Details of the Placing Agreement and the Placing Shares

The Company has today entered into a placing agreement (the "Placing Agreement") with the Joint Bookrunners. Pursuant to the Placing Agreement, the Joint Bookrunners have, subject to the terms set out in such agreement, agreed to use reasonable endeavours, as agents of the Company, to procure Placees for the Placing Shares. The Placing is not underwritten.

The Placing Shares will, when issued, be subject to the articles of association of the Company, be credited as fully paid and will rank *pari passu* in all respects with each other and with the existing ordinary shares in the capital of the Company ("Ordinary Shares"), including the right to receive all dividends and other distributions declared, made or paid in respect of the Ordinary Shares after the date of issue of the Placing Shares.

The Placing Shares will be issued free of any encumbrance, lien or other security interest.

Application for listing and admission to trading

Application will be made to the London Stock Exchange (the "London Stock Exchange") for admission to trading of the Placing Shares on AIM ("Admission"). It is expected that Admission will become effective on or around 8.00 a.m. on 24 July 2017 (or such later time as the Joint Bookrunners may agree in writing with the Company, being not later than 8.00 a.m. on 31 July 2017 and that dealings in the Placing Shares will commence at that time.

Bookbuild

Commencing today, the Joint Bookrunners will be conducting an accelerated bookbuilding process in respect of the Placing (the "Bookbuild") to determine demand for participation in the Placing by Placees. This Appendix gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any Placing Shares.

The Joint Bookrunners shall be entitled to effect the Placing by such alternative method to the Bookbuild as they may determine.

Participation in, and principal terms of, the Bookbuild

The Joint Bookrunners are arranging the Placing severally, and not jointly, nor jointly and severally, as joint bookrunners and agents for the Company. Participation in the Placing will only be available to persons who may lawfully be, and are, invited to participate by either of the Joint Bookrunners. Each of the Joint Bookrunners and their respective Affiliates is entitled to participate as a Placee in the Bookbuild.

The Bookbuild will, if successful, the number of Placing Shares to be placed at a price of 32 pence per Placing Shares (the "Placing Price") to Placees whose bids are successful. The number of Placing Shares to be issued will be agreed between the Joint Bookrunners and the Company following completion of the Bookbuild.

The Bookbuild will commence with immediate effect. The Bookbuild is expected to close before 4.30pm on 30 June 2017, but may be closed earlier or later at the discretion of the Joint Bookrunners. A further announcement will be made following the close of the Bookbuild detailing the number of Placing Shares which are being placed at the Placing Price (the "Pricing Announcement"). The Joint Bookrunners may, in agreement with the Company, accept bids that are received after the Bookbuild has closed.

A bid in the Bookbuild will be made on the terms and conditions in this Announcement (including this Appendix) and will be legally binding on the Placee on behalf of which it is made, and except with the consent of the Joint Bookrunners and the Company will not be capable of variation or revocation after the close of the Bookbuild.

A person who wishes to participate in the Bookbuild should communicate its bid by telephone to its usual sales contact at Cenkos or Stifel. Each bid should state the number of Placing Shares which the prospective Placee wishes to subscribe for at the Placing Price.

If successful, the relevant Joint Bookrunner will re-contact and confirm orally to prospective Placees following the close of the Bookbuild the size of their respective allocations and a trade confirmation will be dispatched as soon as possible thereafter. The relevant Joint Bookrunner’s oral confirmation of the size of allocations and each prospective Placee’s oral commitments to accept the same will constitute an irrevocable legally binding agreement in favour of the Company and the relevant Joint Bookrunner pursuant to which each such Placee will be required to accept the number of Placing Shares allocated to the Placee at the Placing Price and otherwise on the terms and subject to the conditions set out in this Appendix and in accordance with the Company's articles of association. Each Placee's allocation and commitment will be evidenced by a trade confirmation issued to such Placee by the relevant Joint Bookrunner. The terms of this Appendix will be deemed incorporated in that trade confirmation. Each such Placee will have an immediate, separate, irrevocable and binding obligation, owed to the relevant Joint Bookrunner, to pay it or (as it may direct) one of its Affiliates in cleared funds in pounds sterling an amount equal to the product of the Placing Price and the number of Placing Shares allocated to such Placee on the basis explained below under *"Registration and Settlement"*.

The Joint Bookrunners reserve the right to scale back the number of Placing Shares to be subscribed for by any Placee. The Joint Bookrunners also reserve the right not to accept offers to subscribe for Placing Shares or to accept such offers in part rather than in whole. The acceptance of offers shall be at the absolute discretion of each of the Joint Bookrunners and the Company. The Company reserves the right (upon agreement with the Joint Bookrunners) to reduce or seek to increase the amount to be raised pursuant to the Placing.

To the fullest extent permissible by law, none of Cenkos, Stifel, any holding company thereof, any subsidiary thereof, any subsidiary of any such holding company, any branch, affiliate or associated undertaking of any such company nor any of their respective directors, officers and employees (each an "Affiliate") nor any person acting on their behalf shall have any responsibility or liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise). In particular, none of the Joint Bookrunners, any of their respective Affiliates or any person acting on their behalf shall have any liability (including, to the extent legally permissible, any fiduciary duties), in respect of its conduct of the Bookbuild or of such alternative method of effecting the Placing as the Joint Bookrunners and the Company may determine.

Each Placee's obligations will be owed to the Company and to the Joint Bookrunners. Following the oral confirmation referred to above, each Placee will also have an immediate, separate, irrevocable and binding obligation, owed to the Company and the relevant Joint Bookrunner as agent of the Company, to pay to the relevant Joint Bookrunner (or as such Joint Bookrunner may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares such Placee has agreed to subscribe for on the basis explained below under *"Registration and Settlement"*.

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

All obligations of the Joint Bookrunners under the Placing will be subject to fulfilment of the conditions referred to below under *"Conditions of the Placing"* and to the Placing not being terminated on the basis referred to below in the section entitled *"Right to terminate under the Placing Agreement"*.

By participating in the Bookbuild, each Placee agrees that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.

The Placing Shares will be issued subject to the terms and conditions of this Appendix and each Placee's commitment to subscribe for Placing Shares on the terms set out herein will continue notwithstanding any amendment that may in future be made to the terms and conditions of the Placing and Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's or the Joint Bookrunners' conduct of the Placing.

Conditions of the Placing

The Placing is conditional upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms.

The obligations of each of the Joint Bookrunners under the Placing Agreement are conditional, inter alia, on:

(a) the release of the Pricing Announcement by no later than 6.29p.m. on 30 June 2017;

(b) 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;

(c) the Placing Shares having been allotted, conditional only on Admission;

(d) the warranties on the part of the Company contained in the Placing Agreement being true, accurate and not misleading on and as of the date of the Placing Agreement and on the date of the Admission, as though they had been given and made on such dates by reference to the facts and circumstances then subsisting, and no matter having arisen prior to Admission which might reasonably be expected to give rise to a claim under the indemnities given by the Company for the benefit of the Joint Bookrunners under the Placing Agreement;

(e) the Company complying with its obligations under the Placing Agreement to the extent that they fall to be performed prior to Admission;

(f) the passing of the Resolutions to be proposed at the General Meeting without amendment;

(g) there not having arisen or occurred before Admission any matter, fact or circumstance or event such that in the opinion of the Joint Bookrunners (acting in good faith) a supplementary press announcement is required to be published; and

(h) Admission occurring not later than 8.00 a.m. on 24 July 2017 or such later time as the Joint Bookrunners may agree in writing with the Company, being not later than 8.00 a.m. on 31 July 2017.

If (i) any of the conditions are not fulfilled (or to the extent permitted under the Placing Agreement, waived by the Joint Bookrunners and the Company) or become incapable of fulfilment by the relevant time or date specified in the Placing Agreement; or (ii) the Placing Agreement is terminated in the circumstances specified below, the Placing will not proceed and each Placee's rights and obligations hereunder shall cease and determine at such time and no claim may be made by a Placee in respect thereof. None of the Joint Bookrunners, the Company, or any of their respective Affiliates shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision they may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition in the Placing Agreement or in respect of the Placing generally.

The parties to the Placing Agreement may by written agreement waive or extend the time for fulfilment of all or any part of the conditions in the Placing Agreement save for the above condition relating to the occurrence of Admission. Any such extension or waiver will not affect Placees' commitments as set out in this Announcement (including in this Appendix).

Lock-up

The Company has undertaken to the Joint Bookrunners that, during the period commencing on the date of the Placing Agreement until 90 days after the date of Admission, it will not without the prior consent of the Joint Bookrunners allot or issue, or enter into any agreement or arrangement which would give rise to an obligation or an increased obligation (in each case whether contingent or otherwise) to allot or issue, any share or any instrument or security convertible into a share in the capital of the Company (save for the allotment and issue of the Placing Shares, the issue of any Ordinary Shares pursuant to the pre-emptive follow-on offering of Ordinary Shares (as referred to in the Announcement) for up to US$5 million and the issue of shares or the grant and exercise of options and warrants pursuant to the option schemes, agreements and arrangements disclosed in this Announcement (if any) and the Convertible Bond Offering (if any)).

Right to terminate under the Placing Agreement

The Joint Bookrunners may (after consultation with the Company to the extent practicable), at any time before Admission, terminate the Placing Agreement in accordance with its terms by giving notice (in writing or orally) to the Company if in the opinion of the Joint Bookrunners:

(a) any statement contained in this Announcement, or certain of the other documents delivered in relation to the Placing has become or been discovered to be untrue, inaccurate in any material respect or misleading or that there has been a material omission therefrom; or

(b) any warranty on the part of the Company contained in the Placing Agreement was, when given, untrue or inaccurate or misleading; or

(c) any warranty on the part of the Company contained in the Placing Agreement is not, or has ceased to be, true and accurate or not misleading (or would not be true, accurate or not misleading if repeated immediately prior to Admission) by reference to the facts then subsisting; or

(d) there has occurred a suspension or cancellation by the London Stock Exchange of trading in the Company's securities; or

(e) the Company has failed to comply with any of its obligations under the Placing Agreement in any material respect; or

(f) a matter, fact, circumstance or event has arisen such that in the opinion of the Joint Bookrunners, acting in good faith, a supplementary press announcement or supplementary circular (as the case may be) is required to be published or released; or

(g) there has occurred, in the opinion of the Joint Bookrunners, acting in good faith, a material adverse change in the business or operations of the Company and its subsidiary undertakings ("Group") (as a whole) or in the financial or trading position of the Group (as a whole).

Upon such notice being given, the parties to the Placing Agreement shall be released and discharged (except for any liability arising before or in relation to such termination) from their respective obligations under or pursuant to the Placing Agreement, subject to certain exceptions.

By participating in the Placing, each Placee agrees with the Joint Bookrunners that the exercise by the Joint Bookrunners of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of the Joint Bookrunners and that neither of the Joint Bookrunners need make any reference to the Placees in this regard and that, to the fullest extent permitted by law, neither of the Joint Bookrunners shall have any liability whatsoever to the Placees in connection with any such exercise or failure so to exercise.

No prospectus

No offering document, prospectus or admission document has been or will be prepared in relation to the Placing and no such prospectus or admission document is required to be published and Placees' commitments will be made solely on the basis of their own assessment of the Company, the Placing Shares and the Placing based on the information contained in this Announcement (including the Appendices) and the Exchange Information (as defined below). Each Placee, by accepting a participation in the Placing, agrees that the content of this Announcement (including the Appendices) is exclusively the responsibility of the Company and confirms to the Joint Bookrunners and the Company that it has neither received nor relied on any information, representation, warranty or statement made by or on behalf of the Company, the Joint Bookrunners (other than the amount of the relevant Placing participation in the oral confirmation given to Placees and the trade confirmation referred to below), any of their respective Affiliates, any persons acting on their behalf or the Company and none of the Joint Bookrunners, any of their respective Affiliates, any persons acting on their behalf, or the Company will be liable for the decision of any Placee to participate in the Placing based on any other information, representation, warranty or statement which the Placee may have obtained or received (regardless of whether or not such information, representation, warranty or statement was given or made by or on behalf of any such persons).

By participating in the Placing, each Placee acknowledges to and agrees with the Joint Bookrunners for themselves and as agent for the Company that it has relied on its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation by that person.

Registration and settlement

Settlement of transactions in the Placing Shares (ISIN: GB00B580MF54) following Admission will take place within the CREST system, subject to certain exceptions. The Joint Bookrunners reserve the right to require settlement for and delivery of the Placing Shares to Placees by such other means that they deem necessary, if delivery or settlement is not possible or practicable within the CREST system within the timetable set out in this Announcement or would not be consistent with the regulatory requirements in the Placee's jurisdiction.

Following the close of the Bookbuild, each Placee allocated Placing Shares in the Placing will be sent a trade confirmation in accordance with the standing arrangements in place with the relevant Joint Bookrunner stating the number of Placing Shares allocated to it, the Placing Price, the aggregate amount owed by such Placee to the relevant Joint Bookrunner and settlement instructions.

Placees procured by Cenkos should settle against CREST ID: 601, Placees procured by Stifel should settle against CREST ID: 601. It is expected that such trade confirmation will be despatched by 5.00p.m. on 30 June 2017 and that this will also be the trade date. Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with either the standing CREST or certificated settlement instructions which it has in place with the relevant Joint Bookrunner.

It is expected that settlement will be on 24 July 2017 on a delivery versus payment basis ("DVP") in accordance with the instructions set out in the trade confirmation unless otherwise notified by the Joint Bookrunners.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above at the rate of two percentage points above the base rate of Barclays Bank Plc.

Each Placee is deemed to agree that if it does not comply with these obligations: (i) the Company may release itself (if it decides in its absolute discretion to do so) and will be released from all obligations it may have to issue any such Placing Shares to such Placee or at its direction which are then unissued; (ii) the Company may exercise all rights of lien, forfeiture and set-off over and in respect of any such Placing Shares to the fullest extent permitted under its articles of association or otherwise by law and to the extent that such Placee then has any interest in or rights in respect of any such Placing Shares; (iii) the Company or the Joint Bookrunners may sell (and each of them is irrevocably authorised by such Placee to do so) all or any of such Placing Shares on such Placee's behalf and then retain from the proceeds, for the account and benefit of the Company or, where applicable, the Joint Bookrunners (a) any amount up to the total amount due to it as, or in respect of, subscription monies, or as interest on such monies, for any Placing Shares; (b) any amount required to cover any stamp duty or stamp duty reserve tax (together with any interest or penalties) arising on the sale of such Placing Shares on such Placee’s behalf; and (c) any amount required to cover dealing costs and/or commissions necessarily or reasonably incurred by it in respect of such sale; and (iv) such Placee shall remain liable to the Company and to the Joint Bookrunners (as applicable) for the full amount of any losses and of any costs which any of them may suffer or incur as a result of it (a) not receiving payment in full for such Placing Shares by the required time; and/or (b) the sale of any such Placing Shares to any other person at whatever price and on whatever terms are actually obtained for such sale by or for it.

If Placing Shares are to be delivered to a custodian or settlement agent, the Placee should ensure that the trade confirmation is copied and delivered immediately to the relevant person within that organisation.

Insofar as Placing Shares are registered in the Placee's name or that of its nominee or in the name of any person for whom the Placee is contracting as agent or that of a nominee for such person, such Placing Shares will, subject as provided below, be so registered free from any liability to UK stamp duty or stamp duty reserve tax. If there are any circumstances in which any other stamp duty or stamp duty reserve tax (including any interest and penalties relating thereto) is payable in respect of the allocation, allotment, issue or delivery of the Placing Shares (or for the avoidance of doubt if any stamp duty or stamp duty reserve tax is payable in connection with any subsequent transfer of or agreement to transfer Placing Shares), neither the Joint Bookrunners nor the Company shall be responsible for the payment thereof. Placees (or any nominee or other agent acting on behalf of a Placee) will not be entitled to receive any fee or commission in connection with the Placing.

Further Terms, Representations, Confirmations and Warranties

By submitting a bid and/or participating in the Bookbuild and Placing, each Placee (and any person acting on such Placee's behalf) irrevocably acknowledges, confirms, undertakes, represents, warrants and agrees (as the case may be) with each Joint Bookrunner (in its capacity as a bookrunner and agent for the Company, in each case as a fundamental term of its application for Placing Shares) that:

1. it has read and understood this Announcement in its entirety (including the Appendices) and that its participation in the Bookbuild and the Placing and its subscription for Placing Shares will be governed by, and subject to, all the terms, conditions, representations, warranties, acknowledgments, agreements and undertakings and other information contained in this Announcement (including the Appendices);

2. no prospectus, admission document or other offering document has been or will be prepared in connection with the Placing and it has not received and will not receive a prospectus, admission document or other offering document in connection with the Bookbuild, the Placing or the Placing Shares;

3. it indemnifies on an after-tax basis and holds harmless each of the Company, the Joint Bookrunners, their respective Affiliates and any person acting on their behalf from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this Announcement (including this Appendix) and further agrees that the provisions of this Announcement (including this Appendix) shall survive after completion of the Placing;

4. (i) the Ordinary Shares are admitted to trading on AIM and the Company is therefore required to publish certain business and financial information in accordance with the AIM Rules for Companies (collectively, the "Exchange Information"), which includes, inter alia, a description of the nature of the Company's business and the Company's annual report and group financial statements for 2016; (ii) it is able to obtain or access such information without undue difficulty; and (iii) it is able to access such information or comparable information concerning any other publicly traded company, without undue difficulty;

5. none of the Joint Bookrunners, the Company nor any of their respective Affiliates nor any person acting on their behalf has provided it, and will not provide it, with any material or information regarding the Placing Shares or the Company other than the information included in this Announcement (including the Appendices), nor has it requested either of the Joint Bookrunners, the Company nor any of their respective Affiliates or any person acting on their behalf to provide it with any such material or information;

6. the content of this Announcement (including the Appendices) is exclusively the responsibility of the Company and that neither of the Joint Bookrunners, nor any of their respective Affiliates nor any person acting on their behalf will be responsible for or has or shall have any liability for any information, representation or statement contained in this Announcement (including the

Appendices) or any information previously or concurrently published by or on behalf of the Company and will not be liable for any Placee's decision to participate in the Placing based on any information, representation or statement contained in this Announcement (including the Appendices) or otherwise;

7. the only information on which it is entitled to rely and on which such Placee has relied in committing to subscribe for the Placing Shares is contained in this Announcement (including the Appendices) and any Exchange Information, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares, and that it has relied on its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing and acknowledges that it is has neither received nor relied on any other information given, investigation made or representations, warranties or statements made by either of the Joint Bookrunners or the Company nor any of their respective Affiliates or any person acting on their behalf and neither of the Joint Bookrunners nor the Company nor any of their respective Affiliates or any person acting on their behalf will be liable for any Placee's decision to accept an invitation to participate in the Placing based on any other information, representation, warranty or statement;

8. it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for the Placing Shares. It further confirms that it is experienced in investing in securities of this nature and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain, a complete loss of any investment in connection with the Placing. It further confirms that it has had sufficient time to consider and conduct its own investigation with respect to the offer and subscription for the Placing Shares, including relevant tax, legal and other economic considerations and has relied upon its own examination and due diligence of the Company and its affiliates taken as a whole, and the terms of the Placing, including the merits and risks involved, and not upon any view expressed or information provided by or on behalf of either of the Joint Bookrunners;

9. if it is a pension fund or investment company, its acquisition of Placing Shares is in full compliance with applicable laws and regulations;

10. either (i) it has neither received nor relied on any "inside information" as defined in the EU Market Abuse Regulation ("MAR"), including any confidential price sensitive information concerning the Company, in accepting this invitation to participate in the Placing; or (ii) if it has received any confidential price sensitive information about the Company in advance of the Placing, it warrants that it has received such information within the market soundings regime provided for in article 11 of the MAR and associated delegated regulations and has not (a) dealt in the securities of the Company; (b) encouraged or required another person to deal in the securitise of the Company; or (c) disclosed such information to any person, prior to the information being made publicly available;

11. it has not relied on any information relating to the Company contained in any research reports prepared by either of the Joint Bookrunners, their respective Affiliates or any person acting on their or any of their respective Affiliates' behalf and understands that (i) none of the Joint Bookrunners, any of their respective Affiliates or any person acting on their behalf has or shall have any liability for public information or any representation; (ii) none of the Joint Bookrunners, any of their respective Affiliates, or any person acting on their behalf has or shall have any liability for any additional information that has otherwise been made available to such Placee, whether at the date of publication, the date of this Announcement or otherwise; and that (iii) none of the Joint Bookrunners, any of their respective Affiliates, or any person acting on their behalf makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of such information, whether at the date of publication, the date of this Announcement or otherwise;

12. neither it, nor the person specified by it for registration as holder of Placing Shares is, or is acting as nominee or agent for, and the Placing Shares will not be allotted to, a person who is or may be liable to stamp duty or stamp duty reserve tax under any of sections 67, 70, 93 and 96 of the Finance Act of 1986 (depositary receipts and clearance services) and the Placing

Shares are not being subscribed for in connection with arrangements to issue depositary receipts or to issue or transfer Placing Shares into a clearance system;

13. it is acting as principal only in respect of the Placing or, if it is acting for any other person (i) it is duly authorised to do so and has full power to make the acknowledgments, confirmations, undertakings, representations, warranties and agreements herein on behalf of each such person; and (ii) it is and will remain liable to the Company and/or the Joint Bookrunners for the performance of all its obligations as a Placee in respect of the Placing (regardless of the fact that it is acting for another person). Each Placee agrees that the provisions of this paragraph 13 shall survive the resale of the Placing Shares by or on behalf of any person for whom it is acting;

14. (i) it (and any person acting on its behalf) is entitled to subscribe for the Placing Shares under the laws and regulations of all relevant jurisdictions which apply to it; (ii) it has fully observed such laws and regulations and obtained all such governmental and other guarantees and other consents and authorities which may be required thereunder (including, without limitation, in the case of any person on whose behalf it is acting, all guarantees, consents and authorities to agree to the terms set out or referred to in this Announcement (including this Appendix)) and complied with all necessary formalities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto; (iii) (if a company) it is a valid and subsisting company and has all necessary capacity and has obtained all necessary consents and authorities to enable it to commit to this participation in the Placing and to perform its obligations in relation thereto (including, without limitation, in the case of any person on whose behalf if it acting, all necessary consents and authorities to agree to the terms referred to in this Announcement (including this Appendix) and will honour such obligations; (iv) it has paid any issue, transfer or other taxes due in connection with its participation in any territory; and (v) it has not taken any action which will or may result in the Company, either of the Joint Bookrunners, any of their respective Affiliates or any person acting on their behalf being in breach of the legal and/or regulatory requirements of any territory in connection with the Placing;

15. it understands, and each account which it represents has been advised, that (i) the Placing Shares have not been and will not be registered under the Securities Act or under the applicable securities laws of any state or other jurisdiction of the United States; (ii) the Placing Shares will be subscribed for either (a) in an "offshore transaction" within the meaning of Regulation S; or (b) in a transaction that is otherwise exempt from, or not subject to, the registration requirements of the Securities Act; and (iii) no representation has been made as to the availability of any exemption under the Securities Act or any relevant state or other jurisdiction's securities laws for the reoffer, resale, pledge or transfer of the Placing Shares;

16. (i) its subscription for the Placing Shares has been or will be made either (a) in an "offshore transaction" within the meaning of Regulation S); or (b) in a transaction that is otherwise exempt from, or not subject to, the registration requirements of the Securities Act, in which case it has executed or will execute a US letter addressed to the Company substantially in the form agreed between the Company and the Joint Bookrunners; (ii) it is not subscribing for any of the Placing Shares as a result of any form of "directed selling efforts" within the meaning of Regulation S; (iii) it is not acquiring the Placing Shares as a result of any general solicitation or general advertising (within the meaning of Rule 502(c) of Regulation D under the Securities Act); and (iv) it is not acquiring the Placing Shares with a view to reselling or distributing any such Placing Shares within the meaning of the Securities Act;

17. it (i) will not reoffer or resell, directly or indirectly, any of the Placing Shares except in accordance with Regulation S under the Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; and (ii) understands that upon the initial issuance of, and until such time as the same is no longer required under the Securities Act or applicable securities laws of any state or other jurisdiction of the United States, any certificates representing the Placing Shares (to the extent such Placing Shares are in certificated form), and all certificates issued in exchange therefore or in substitution thereof, shall bear a legend setting out the restrictions relating to the transfer of

the certificated security including with respect to restrictions relating to the United States federal securities laws;

18. it will not distribute, forward, transfer or otherwise transmit this document or any other materials concerning the Placing (including any electronic copies thereof), in or into the United States;

19. if it is a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, the Placing Shares subscribed for by it in the Placing will not be subscribed for on a non-discretionary basis on behalf of, nor will they be subscribed for with a view to their offer or resale to, persons in a member state of the European Economic Area which has implemented the Prospectus Directive other than "qualified investors" as defined in Article 2.1(e) of the Prospectus Directive, or in circumstances in which the prior consent of the Joint Bookrunners has been given to the offer or resale;

20. it has not offered or sold and will not offer or sell any Placing Shares to the public in any member state of the European Economic Area except in circumstances falling within Article 3(2) of the Prospectus Directive which do not result in any requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive;

21. it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which it is permitted to do so pursuant to section 21 of FSMA and it acknowledges and agrees that this Announcement has not been approved by either of the Joint Bookrunners in its capacity as an authorised person under section 21 of FSMA and it may not therefore be subject to the controls which would apply if it was made or approved as financial promotion by an authorised person;

22. it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving the United Kingdom;

23. it has complied with its obligations under MAR, the Criminal Justice Act 1993, section 118 of FSMA, and in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002 (as amended), the Terrorism Act 2000, the Terrorism Act 2006, the Anti-terrorism Crime and Security Act 2001, the Money Laundering Regulations 2007 (each as amended) and the Money Laundering Sourcebook of the FCA (the "Regulations") and, if it is making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;

24. if in the United Kingdom, it and any person acting on its behalf is a person (i) falling within Article 19(5) of the Order; (ii) falling within Article 49(2)(A) to (D) of the Order; or (iii) to whom this Announcement may otherwise be lawfully communicated and undertakes that it will subscribe for, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business only;

25. if in a member state of the European Economic Area, it is a "qualified investor" within the meaning of the Prospectus Directive;

26. no action has been or will be taken by the Company, either of the Joint Bookrunners nor any of their Affiliates or any person acting on their behalf that would, or is intended to, permit a public offer of the Placing Shares in any country or jurisdiction where any such action for that purpose is required;

27. it (and any person acting on its behalf) will pay for the Placing Shares allocated to it in accordance with the terms and conditions of this Announcement (including this Appendix) on the due time and date set out herein against delivery of such Placing Shares to it, failing which the relevant Placing Shares may be placed with other Placees or sold as either Joint Bookrunner may, in its absolute discretion, determine and it will remain liable for any amount by which the net proceeds of such sale falls short of the product of the Placing Price and the

number of Placing Shares allocated to it and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties due pursuant to the terms set out or referred to in this Announcement) which may arise upon the sale of such Placee's Placing Shares on its behalf;

28. none of the Joint Bookrunners, any of their Affiliates or any person acting on their behalf is making any recommendations to it or advising it regarding the suitability or merits of any transaction it may enter into in connection with the Placing and that its participation in the Placing is on the basis that it is not and will not be a client of either of the Joint Bookrunners, and none of the Joint Bookrunners, any of their Affiliates or any person acting on their behalf has any fiduciary or other duties or responsibilities to it for providing the protections afforded to their respective clients or customers or for providing advice in relation to the Placing or in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement or for the exercise or performance of any of the Joint Bookrunners' respective rights and obligations thereunder, including any right to waive or vary any condition or exercise any termination right contained therein;

29. it has the funds available to pay for the Placing Shares for which it has agreed to subscribe and (i) the person whom it specifies for registration as holder of the Placing Shares will be (a) itself; or (b) its nominee, as the case may be; (ii) neither of the Joint Bookrunners nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement; and (iii) the Placee and any person acting on its behalf agrees to subscribe for the Placing Shares and agrees to indemnify on an after tax basis and hold harmless the Company, each of the Joint Bookrunners and their respective Affiliates in respect of the same on the basis that the Placing Shares will be allotted to the CREST stock account of the relevant Joint Bookrunner which will hold them as settlement agent as nominee for the Placee until settlement in accordance with its standing settlement instructions with payment for the Placing Shares being made simultaneously upon receipt of the Placing Shares in the Placee's stock account on a delivery versus payment basis;

30. these terms and conditions and any agreements entered into by it pursuant to these terms and conditions (including any non-contractual obligations arising out of or in connection with such agreements) shall be governed by and construed in accordance with the laws of England and Wales and it irrevocably submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the courts of England and Wales as regards any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Joint Bookrunners in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange;

31. it irrevocably appoints any director of the relevant Joint Bookrunner as its agent for the purposes of executing and delivering to the Company and/or its registrars any documents on its behalf necessary to enable it to be registered as the holder of any of the Placing Shares agreed to be taken up by it under the Placing;

32. it is not a resident of any Prohibited Jurisdiction and acknowledges that the Placing Shares have not been and will not be registered nor will a prospectus be cleared in respect of the Placing Shares under the securities legislation of any Prohibited Jurisdiction and, subject to certain exceptions, may not be offered, sold, taken up, renounced, delivered or transferred, directly or indirectly, within any Prohibited Jurisdiction;

33. any person who confirms to either Joint Bookrunner on behalf of a Placee an agreement to subscribe for Placing Shares and/or who authorises either Joint Bookrunner to notify the Placee's name to the Company's registrar, has authority to do so on behalf of the Placee;

34. the agreement to settle each Placee's subscription for Placing Shares (and/or the subscription by a person for whom it is contracting as agent) free of UK stamp duty and stamp duty reserve tax depends on the settlement relating only to a subscription by it and/or such person direct from the Company of the Placing Shares in question. Such agreement assumes that the

Placing Shares are not being subscribed for in connection with arrangements to issue depositary receipts or to issue or transfer the Placing Shares into a clearance service. If there were any such arrangements, or the settlement related to other dealings in the Placing Shares, stamp duty or stamp duty reserve tax may be payable, for which neither the Company nor either of the Joint Bookrunners will be responsible. If this is the case, the Placee should take its own advice and notify the Joint Bookrunners accordingly and agrees to indemnify on an after-tax basis and to hold harmless the Company and the Joint Bookrunners in the event that any of the Company and/or either of the Joint Bookrunners has incurred any such liability to stamp duty or stamp duty reserve tax;

35. the Placing Shares will be issued and/or transferred subject to the terms and conditions set out in this Announcement (including this Appendix);

36. when a Placee or any person acting on behalf of the Placee is dealing with the relevant Joint Bookrunner, any money held in an account with the relevant Joint Bookrunner on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the relevant rules and regulations of the FCA made under FSMA. The Placee acknowledges that the money will not be subject to the protections conferred by the client money rules; as a consequence, this money will not be segregated from the relevant Joint Bookrunners' money in accordance with the client money rules and will be used by the relevant Joint Bookrunner in the course of its business; and the Placee will rank only as a general creditor of the relevant Joint Bookrunner (as the case may be);

37. the basis of allocation will be determined by the Joint Bookrunners and the Company at their absolute discretion. The right is reserved to reject in whole or in part and/or scale back any participation in the Placing;

38. it irrevocably authorises the Company and the Joint Bookrunners to produce this Announcement pursuant to, in connection with, or as maybe required by any applicable law or regulation, administrative or legal proceeding or official inquiry with respect to the matters set forth herein;

39. its commitment to subscribe for Placing Shares on the terms set out herein will continue notwithstanding any amendment that may in future be made to the terms and conditions of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's or the Joint Bookrunners' conduct of the Placing;

40. it shall not make any claim against the Company, the Joint Bookrunners, their respective Affiliates or any other person acting on behalf of any of such persons by a Placee to recover any damage, cost, charge or expense which it may suffer or incur by reason of or arising from the carrying out by it of the work to be done by it pursuant hereto or the performance of its obligations hereunder or otherwise in connection with the Placing;

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

42. in connection with the Placing, the Joint Bookrunners or any of their Affiliates acting as an investor for its own account may subscribe for Placing Shares in the Company and in that capacity may subscribe for, retain, purchase or sell for its own account such ordinary shares in the Company and any securities of the Company or related investments and may offer or sell such securities or other investments otherwise than in connection with the Placing. Neither of the Joint Bookrunners intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so;

43. the rights and remedies of the Joint Bookrunners and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise or partial exercise of one will not prevent the exercise of others;

44. it may be asked to disclose in writing or orally to either of the Joint Bookrunners (i) if he or she is an individual, his or her nationality; or (ii) if he or she is a discretionary fund manager, the jurisdiction in which the funds are managed or owned;

45. neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this Announcement (including the Appendices); and

46. the foregoing acknowledgements, agreements, undertakings, representations and warranties referred to above are given for the benefit of each of the Company and the Joint Bookrunners (for their own benefit and, where relevant, the benefit of their respective Affiliates and any person acting on their behalf) and are irrevocable. The Company, the Joint Bookrunners and their respective Affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and it agrees that if any of the acknowledgements, representations, warranties and agreements made in connection with its acquiring of Placing Shares is no longer accurate, it shall promptly notify the Company and the Joint Bookrunners.

Each Placee, and any person acting on behalf of each Placee, acknowledges and agrees that the Joint Bookrunners and/or any of their respective Affiliates may, at their absolute discretion, agree to become a Placee in respect of some or all of the Placing Shares.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

All times and dates in this Announcement (including this Appendix) may be subject to amendment. The Joint Bookrunners shall notify the Placees and any person acting on behalf of the Placees of any such changes.

This Announcement (including the Appendices) has been issued by the Company and is the sole responsibility of the Company.

APPENDIX 2 – CERTAIN RISKS

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 Announcement 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 Hurricane’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 farm out sale

The Company's 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

As mentioned in the section headed "Additional Information" of this Announcement, 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 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. Kerogen Capital has indicated that it intends to participate 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.