

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about what action you should take, you should consult an independent financial adviser recognised and regulated under the Financial Services and Markets Act 2000 (as amended) who are recognised in advising on the acquisition of shares and other securities before taking any action. The whole of this document should be read. You should be aware that an investment in the Company involves a high degree of risk and prospective investors should carefully consider the section entitled “Risk Factors” set out in Part III of this document.

If you have sold or otherwise transferred all of your Existing Ordinary Shares prior to the date the Ordinary Shares are marked ex-entitlement by the London Stock Exchange please forward this document and accompanying Application Form at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom you have sold or transferred your shares for delivery to the purchaser or transferee. Such documents should, however, not be forwarded to or transmitted into any jurisdiction outside of the UK. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. If you have sold only part of your holding of Existing Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The total consideration under the Open Offer shall be less than €5 million in aggregate. Therefore, in accordance with section 85 and Schedule 11A of FSMA, this document is not, and is not required to be, a prospectus for the purposes of the Prospectus Rules published by the Financial Conduct Authority. This document has not been approved by the Financial Conduct Authority or by any other authority in any jurisdiction.

The Existing Ordinary Shares are currently admitted to trading on AIM. Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to trading on AIM. It is expected that Admission will become effective, and dealings for normal settlement in the Open Offer Shares will commence, at 8.00 a.m. on 10 June 2015. No application is being made for admission of the Existing Ordinary Shares or the Open Offer Shares to the Official List. Neither the Existing Ordinary Shares nor the Open Offer Shares will be dealt on any other recognised investment exchange and no other such application will be made.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange nor the UK Listing Authority has examined or approved the contents of this document. The AIM Rules are less demanding than those of the Official List. This document does not comprise an admission document under the AIM Rules.

SOUND OIL PLC

(Incorporated and registered in England and Wales with registered number 5344804)

Open Offer of up to 18,226,394 Open Offer Shares at a price of 19.0p per Open Offer Share

on the basis of:

1 Open Offer Share for every 23 Existing Ordinary Shares held on the Record Date

For every Open Offer Share issued Eligible Shareholders will also receive one Open Offer Warrant

Notice of General Meeting

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out as Part I of this document and the section headed “Risk Factors” in Part III of this document.

The Open Offer closes at 11.00 a.m. on 8 June 2015. If you are an Eligible Shareholder and wish to apply for entitlements under the Open Offer you should follow the procedure set out in Part II of this document and, if you are an Eligible Non-CREST Shareholder, complete and return the accompanying Application Form. Eligible CREST Shareholders (who will not receive an Application Form) and will receive instead a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements which will be enabled for settlement on 22 May 2015. If you do not wish to participate in the Open Offer then you should not return your Application Form or send a USE instruction through CREST. Applications under the Open Offer may only be made by the Eligible Shareholders originally entitled thereto or by persons becoming so entitled, by virtue of a *bona fide* market claim arising out of the sale or transfer of Existing Ordinary Shares prior to the date on which the Existing Ordinary Shares are marked ‘ex’ the entitlement by the London Stock Exchange.

The Open Offer Shares will, following allotment, 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 on the Ordinary Share capital of the Company.

This document is being sent to all Shareholders, but in relation to those Shareholders who are not Eligible Shareholders (which means any Shareholders resident outside of the United Kingdom) it is being sent to them, insofar as the Open Offer is concerned, for information purposes only.

IMPORTANT INFORMATION

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy shares to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful. Securities may not be offered or sold in the United States absent registration under the Securities Act or an applicable exemption from such registration requirements. The Existing Ordinary Shares and the Open Offer Shares have not been, and will not be, registered under the Securities Act or under the securities legislation of any state of the United States. There will be no public offering of the Existing Ordinary Shares or the Open Offer Shares in the United States. The relevant clearances have not been, and will not be, obtained from the Securities Commission of any province or territory of Canada; no document in relation to the Open Offer has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission; and no registration statement has been, or will be, filed with the Japanese Ministry of Finance in relation to the Open Offer. The Open Offer Shares may not, directly or indirectly, be offered or sold within any territory other than the United Kingdom or offered or sold to a person within any territory other than the United Kingdom. Any failure to comply with these restrictions may constitute a violation of the securities law of any jurisdiction. Persons (including, without limitation, nominees and trustees) receiving this document and/or an Application Form should not, in connection with the Open Offer, distribute or send this document or Application Form into any jurisdiction when to do so would, or might contravene local securities laws or regulations or be contrary to the terms and conditions of the Open Offer.

This document contains “forward-looking statements” which includes all statements other than statements of historical fact including, without limitation, those regarding the Company’s financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words “targets”, “believes”, “expects”, “aims”, “intends”, “estimates”, “plans”, “will”, “may”, “might”, “anticipates”, “would”, “could” or similar expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company’s control that could cause the actual results, performance or achievements of the Group to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to forward-looking statements contained herein to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules.

The Open Offer Shares have not been and are not intended to be registered or qualified for sale in any jurisdiction other than the United Kingdom. Accordingly, unless otherwise determined by the Company and effected by the Company in a lawful manner, the Application Form will not be sent to Eligible Shareholders with registered addresses in any jurisdiction other than the United Kingdom since to do so would require compliance with the relevant securities laws of that jurisdiction. Applications from any such person will be deemed to be invalid. If an Application Form is received by any Eligible Shareholder whose registered address is elsewhere but who is in fact a resident or domiciled in a territory other than the United Kingdom, he/she/it should not seek to take up his/her/its allocation.

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DIRECTORS, SECRETARY AND ADVISERS

Directors
Simon Davies, Non-Executive Chairman
James Parsons, Chief Executive Officer
Luca Madeddu, Executive Director (Managing Director, Italy)
Marco Fumagalli, Non-Executive Director
Andrew Hockey, Non-Executive Director
Gerry Orbell, Non-Executive Director

all of the registered office below

Registered Office
Third Floor
55 Gower Street
London
WC1E 6HQ

Company Secretary
Stephen Ronaldson
Ronaldsons LLP
55 Gower Street
London
WC1E 6HQ

Sound Oil website
www.soundoil.co.uk

Nominated Adviser
Smith & Williamson Corporate Finance Limited
25 Moorgate
London
EC2R 6AY

Broker
Peel Hunt LLP
Moor House
120 London Wall
London
EC2Y 5ET

Legal Adviser to the Company
Watson Farley & Williams LLP
15 Appold Street
London
EC2A 2HB

Auditor
Crowe Clark Whitehill LLP
St. Bride's House
10 Salisbury Square
London
EC4Y 8EH

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

Receiving Agent
Capita Asset Services
Corporate Actions
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for Open Offer	5.00 p.m. on 15 May 2015
Existing Ordinary Shares marked 'ex' by London Stock Exchange	8.00 a.m. on 18 May 2015
Announcement of the Open Offer	21 May 2015
Posting of this document, Application Forms and Forms of Proxy	21 May 2015
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts in CREST of Eligible CREST Shareholders	as soon as practicable after 8.00 a.m. 22 May 2015
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 2 June 2015
Latest time for depositing Open Offer and Excess Open Offer Entitlements into CREST	3.00 p.m. on 3 June 2015
Latest time for splitting of Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 4 June 2015
Latest time and date for receipt of Forms of Proxy	12 noon on 5 June 2015
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on 8 June 2015
General Meeting	12 noon on 8 June 2015
Expected date of announcement of results of the Open Offer through an RIS	9 June 2015
Expected time and date for Admission and commencement in dealings in the Open Offer Shares on AIM	8.00 a.m. on 10 June 2015
Expected date for crediting of the Open Offer Shares and Open Offer Warrants in uncertificated form to CREST accounts	10 June 2015
Expected date of dispatch of definitive share/warrant certificates for the Open Offer Shares and Open Offer Warrants	17 June 2015

Notes:

- (1) References to times in this document are to London time (unless otherwise stated).
- (2) The dates and timing of the events in the above timetable and in the rest of this document are indicative only and may be subject to change at the absolute discretion of the Company. If any of the above times or dates should change, the details of the revised times and/or dates will be notified to AIM and, where appropriate, to Shareholders.
- (3) In order to subscribe for Open Offer Shares under the Open Offer, Eligible Shareholders will need to follow the procedure set out in Part II of this document and, where relevant, complete the accompanying Application Form. If you have any questions relating to this document, and the completion and return of the Application Form, please telephone Capita Asset Services between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday on 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK.

OPEN OFFER STATISTICS

Number of Existing Ordinary Shares ¹	467,207,065
Market price per Existing Ordinary Share ²	22.50p
Issue price per Open Offer Share	19.00p
Issue price discount to the middle market closing price per Existing Ordinary Share on 20 May 2015	15.56%
Number of Ordinary Shares available under the Open Offer ³	Up to 18,226,394
Basis of Open Offer	One Open Offer Share for every twenty three Existing Ordinary Shares held on the Record Date.
	For every Open Offer Share issued Eligible Shareholders will also receive one Open Offer Warrant
Number of Ordinary Shares in issue on Admission ⁴	485,433,459
Approximate percentage of the Enlarged Share Capital represented by the Open Offer Shares ⁴	3.75%
Estimated gross proceeds of the Open Offer ⁴	£3.46 million
Number of Second Tranche Placing Shares	15,157,895
Number of Ordinary Shares in issue following completion of the Placing ⁵	500,591,354
Approximate percentage of the Company's issued ordinary share capital following the completion of the Placing represented by the Open Offer Shares ⁵	3.64%
TIDM of the Ordinary Shares	SOU
ISIN of the Ordinary Shares	GB00B90XFF12
ISIN of the Open Offer Warrants	GB00BY4JQH96
ISIN for Open Offer Entitlements	GB00BXVKV397
ISIN for Excess Open Offer Entitlements	GB00BXVLWD93

Notes:

- (1) As at the close of business on 20 May 2015, being the last practicable Business Day prior to the publication of this document.
- (2) The closing price on 20 May 2015, being the last practicable Business Day prior to the publication of this document.
- (3) The actual number of Open Offer Shares to be issued under the Open Offer will be subject to rounding down to eliminate fractional entitlements.
- (4) Assuming the maximum number of Open Offer Shares are allotted pursuant to the Open Offer.
- (5) Assuming the maximum number of Open Offer Shares are allotted pursuant to the Open Offer and the issue of the Second Tranche Placing Shares.

PART I
LETTER FROM THE CHAIRMAN

SOUND OIL PLC

(Incorporated and registered in England and Wales with registered number 05344804)

Directors:

Simon Davies *(Non-Executive Chairman)*
James Parsons *(Chief Executive Officer)*
Luca Madeddu *(Executive Director)*
Marco Fumagalli *(Non-Executive Director)*
Andrew Hockey *(Non-Executive Director)*
Gerry Orbell *(Non-Executive Director)*

Registered Office:

Third Floor
55 Gower Street
London
WC1E 6HQ

21 May 2015

To Shareholders and, for information purposes only, the holders of options or existing warrants over Ordinary Shares

Dear Shareholder

**Open Offer of up to 18,226,394 Open Offer Shares
at an Issue Price of 19.0p per Open Offer Share**

on the basis of:

1 Open Offer Share for every 23 Existing Ordinary Shares

for every Open Offer Share issued Eligible Shareholders will also receive one Open Offer Warrant

and

Notice of General Meeting

1. Introduction

On 18 May 2015 the Company announced its intention to raise approximately £3.46 million (before expenses) by way of an Open Offer to Eligible Shareholders of up to 18,226,394 Open Offer Shares at an Issue Price of 19.0p per share. For each Open Offer Share issued, Eligible Shareholders will also receive, on Admission of the Open Offer Shares, a detachable Open Offer Warrant to subscribe for a new Ordinary Share at a price of 24.0 pence per new Ordinary Share for a period of 5 years from the date of admission of the First Tranche Placing Shares on 22 May 2015. Eligible Shareholders may subscribe for Open Offer Shares on the basis of 1 Open Offer Share for every 23 Existing Ordinary Shares held on the Record Date.

On Admission of the Open Offer Shares, Shareholders will also receive one Open Offer Warrant for every Open Offer Share issued, giving Shareholders the ability to subscribe for new Ordinary Shares in the future. It is the Company's intention that the Open Offer Warrants will be listed on the third market of the Vienna Stock Exchange as soon as practicable after Admission of the Open Offer Shares. The Open Offer Warrants will not be admitted to trading on AIM. The Open Offer Warrants are expected to be issued in certificated form for Eligible Non-CREST Shareholders and uncertificated form for Eligible CREST Shareholders. The Company is investigating how best to enable the Open Offer Warrants to be settled prior to any listing on the third market of the Vienna Stock Exchange.

In order to maximise the number of Open Offer Shares available under the Open Offer to Eligible Shareholders that did not participate in the Placing, the Placees under the Placing irrevocably undertook (at the request of the Company) that they and their affiliates would not take up any Ordinary Shares which may have been offered to them as part of the Open Offer. As a result, Continental, which is 25 per cent. owned by Marco Fumagalli, and its affiliates will not be subscribing for any Open Offer Shares. The Open Offer Entitlements which could otherwise have been available to the Placees and their affiliates under the Open Offer will be made available to Eligible Shareholders under the Excess Application Facility.

The purpose of this letter is to outline the background to and reasons for, and to explain the terms of, the Open Offer and to explain the Resolutions to be proposed at the General Meeting, which is

being convened to facilitate (i) the issue of the Second Tranche Placing Shares and the issue and exercise of the Second Tranche Placing Warrants under the Placing; and (ii) the issue of the Open Offer Shares and the issue and exercise of the Open Offer Warrants under the Open Offer.

2. Background to, and reasons for, the Open Offer and the General Meeting

On 28 April 2015, Sound Oil announced a placing to raise a total of £12.0 million, before expenses, through the issue of 63,157,895 new Ordinary Shares at a price of 19.0 pence per Ordinary Share in two tranches together with an equal number of detachable warrants to subscribe for new Ordinary Shares in the Company at a price of 24 pence per Ordinary Share for a period of 5 years from the date of admission to trading on AIM of the First Tranche Placing Shares.

The first tranche of the Placing, which saw the issue of 48,000,000 First Tranche Placing Shares and 48,000,000 First Tranche Placing Warrants under existing Shareholder authorities to raise £9.12 million, was completed on 20 May 2015 and the First Tranche Placing Shares are expected to be admitted to trading on AIM on 22 May 2015.

The issue of a second tranche of 15,157,895 Second Tranche Placing Shares and 15,157,895 Second Tranche Placing Warrants to raise approximately £2.88 million remains subject to, *inter alia*, Shareholder approval of Resolutions which will enable the issue of the Second Tranche Placing Shares and the issue and exercise of the Second Tranche Placing Warrants and, subject to receipt of such Shareholder approval, is expected to complete on or by 30 June 2015.

A notice convening the General Meeting, which is to be held at the offices of Smith & Williamson at 25 Moorgate, London EC2R 6AY at 12 noon on 8 June 2015 is set out at the end of this document.

On announcement of the Placing, the Company also confirmed that existing Sound Oil Shareholders would be offered the opportunity of participating in an open offer to raise up to €5 million at 19.0 pence per new Ordinary Share and with warrants attached on the same basis as the Placing. The total consideration under the Open Offer has been limited to £3.46 million, being less than €5 million, so that the Company is not required to prepare a prospectus in connection with the Open Offer for the purposes of the Prospectus Rules published by the FCA.

Accordingly, the Company is now making the Open Offer to Eligible Shareholders and seeking Shareholder approval of the Resolutions, enabling (i) the issue of the Second Tranche Placing Shares and the issue and exercise of the Second Tranche Placing Warrants; and (ii) the issue of the Open Offer Shares and the issue and exercise of the Open Offer Warrants.

The net proceeds of the Open Offer will be used for progressing the Group's projects and will provide the Company with additional funding to execute various strategic transactions, which are currently under negotiation.

3. Recommendation and voting intentions

The Open Offer is intended to provide Eligible Shareholders with the opportunity to subscribe for additional Ordinary Shares at the same price per Ordinary Share as was available to Placees under the Placing, thereby minimising the dilutionary effect of the Placing on Eligible Shareholders.

The Directors believe that the Open Offer, the issue of the Second Tranche Placing Shares and Second Tranche Placing Warrants and the passing of the Resolutions are in the best interests of the Company and its Shareholders as a whole. The Directors, other than Marco Fumagalli, who is Managing Partner and a 25 per cent. shareholder of Continental and is therefore not considered independent, recommend that Shareholders vote in favour of the Resolutions.

The Directors and Continental (together with its affiliates) intend to vote in favour of all of the Resolutions in respect of their own interests which, in aggregate, total 86,499,393 Existing Ordinary Shares, representing 18.51 per cent. of the Existing Ordinary Shares.

Further details of the Resolutions are provided at paragraph 9 below.

If you are in any doubt as to the action you should take, you are recommended to seek your own independent advice.

4. Information on the Company

Sound Oil, through its wholly owned subsidiaries, Apennine Energy and Apennine Oil and Gas, has an interest in 8 oil and gas permits in Italy which are at differing stages of exploration and development, as further detailed below. The Group also has 7 exclusive permit applications, two existing producing concessions, one concession awaiting abandonment and one concession application.

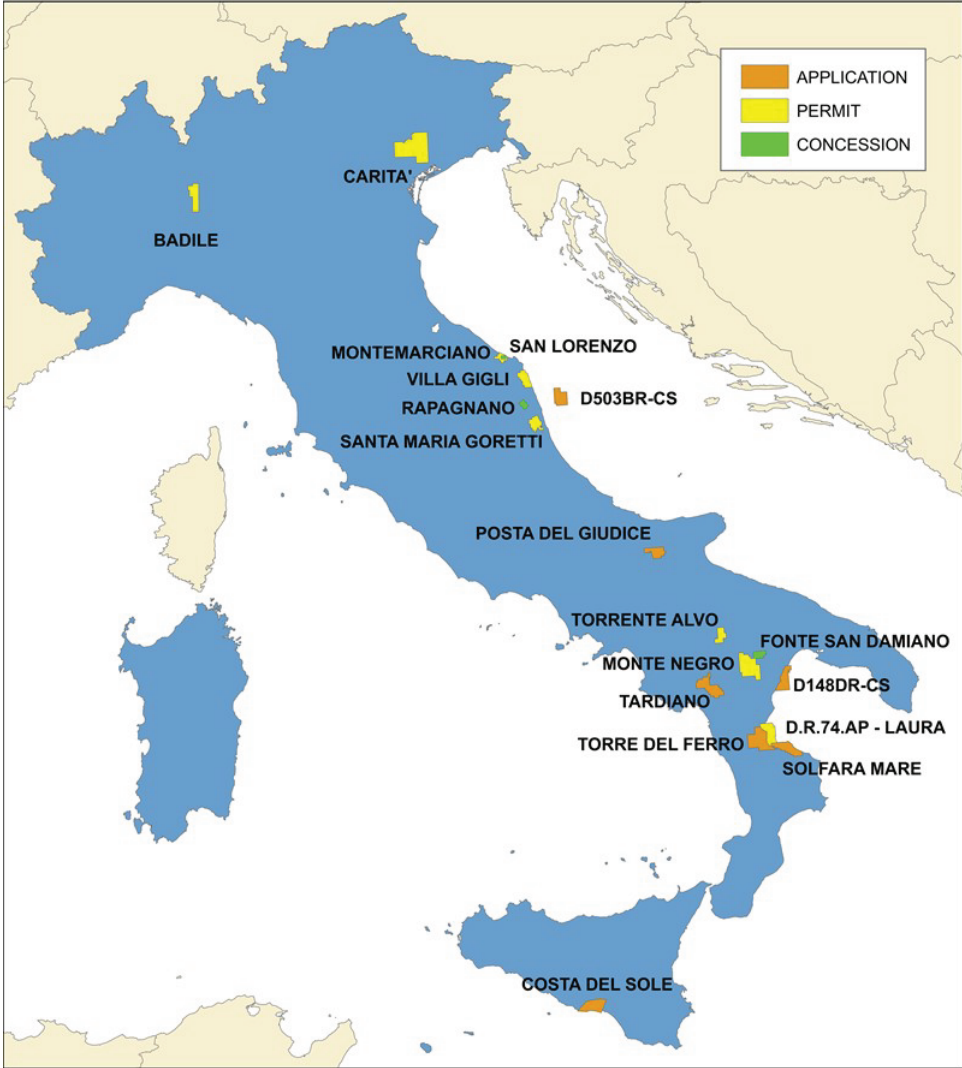
Apennine Energy is the operator of the Group’s assets and holds majority working interests ranging from 75 per cent. to 100 per cent., which give it control over the level and pace of development and spending. The portfolio consists of a mix of oil and gas exploration, development and production opportunities. Italy is a proven hydrocarbon region which provides attractive fiscal terms in a relatively stable political environment.

Total production for calendar year 2014 (from the onshore Rapagnano and Casa Tiberi gas fields in Italy) was 4.44 MMscm (156.9 MMscf). 2014 production levels were a 97 per cent. uplift on 2013 production, largely due to the Group benefitting from a full year of production at Rapagnano (2013: 7 months) and first gas from the Casa Tiberi gas field which was achieved in July 2014. The average production rate was 12,162 Scmd (0.43 MMScfd). Total 2014 gas deliveries yielded revenue of approximately €1.2 million.

In addition to the Group’s existing Italian assets, the Company announced on 11 May 2015 that it had been granted a 30 day period of exclusivity from OGIF in relation to a potential farm in to the Tendirara Licence, onshore Morocco. That grant of exclusivity initiated exclusive negotiations between Sound Oil and OGIF and follows the submission of an indicative offer letter from Sound Oil to OGIF in respect of the Tendirara Licence, the indicative terms of which are described below.

The Company remains in negotiations with OGIF in respect to a farm in of the Tendirara Licence. However, there can be no certainty that a transaction will be completed. Further details of the Tendirara Licence are provided below.

A map of the Italian licences and applications is shown below.



The following is a table showing the Group's assets in Italy:

Licence	Status ¹	Key Project or Prospect		WI (%)	Area (km ²)	Operator
		Name	Type			
Rapagnano	Concession	Rapagnano	Gas Production	100	8.5	Apennine Energy
San Lorenzo	Concession	Casa Tiberi	Gas Production	100	4.9	Apennine Energy
Fonte San Damiano	Concession	Marciano	Awaiting Abandonment	100	23.7	Apennine Energy
Carità ²	App Conc. ⁴	CasaTonetto	Gas Discovery	100	4.2	Apennine Energy
Torrente Alvo ²	Permit	Strombone	Oil Discovery	100	84.3	Apennine Energy
Carità ²	Permit	Nervesa	Appraisal	100	529.8	Apennine Energy
Badile	Permit	Badile	Prospect	100	154.5	Apennine Energy
S.Maria Goretti	Permit	T.Tesino	Appraisal	100	101.3	Apennine Energy
Villa Gigli ³	Permit	Musone	Oil Discovery	100	100.9	Apennine Energy
Monte Negro ²	Permit	—	—	100	287.7	Apennine Energy
Montemarciano	Permit	—	—	75	49.4	Apennine Energy
D-R74-AP	Permit	Laura	Gas Discovery	100	65.2	Apennine Energy
D503 BR-CS	Application	Dora / Dalla	Gas Discovery	100	138.1	Apennine Energy
Posta Del Giudice ³	Application	—	—	100	113.6	Apennine Energy
Solfara Mare	Application	—	—	100	337	Apennine Energy
D148 DR-CS	Application	—	—	100	162.3	Apennine Energy
Costa Del Sole	Application	Manfria	Oil Discovery	100	41.5	Apennine Energy
Tardiano	Application	—	—	100	212.4	Apennine Energy
Torre del Ferro	Application	—	—	100	118.0	Apennine Energy

Notes:

1. A Concession allows hydrocarbon production and is valid for twenty years. An Application for a Concession can be made following a declaration of commercial discovery ratified by the Ministry of Economic Development. The Concession requires the approval of an Environmental Impact Assessment and becomes exclusive after publication in the Official Journal of the EU. A Permit is valid for six years and allows seismic and drilling operations. An Application for a permit can be made at any time, it becomes exclusive to the applying company three months after publication in the Official Journal of the EU. All the applications listed here are exclusive to Apennine Energy. The conversion of an application to a full permit requires the approval of an Environmental Impact Assessment.
2. Carità, Monte Negro and Torrente Alvo Permit: 100 per cent. SOU (50 per cent. Apennine Energy – 50 per cent. Apennine Oil and Gas).
3. Prior to the asset swap transaction announced by the Company on 28 February 2013, Compagnia Generale Idrocarburi SpA and Sound Oil each held a 50 per cent. equity position in four assets: two awarded licences (Villa Gigli and Colle Ginestre) and two outstanding applications (Posta del Giudice and Il Convento). Sound Oil increased its equity position to 100 per cent. in Villa Gigli and Posta Del Giudice in exchange for eliminating any equity interest in Il Convento and Colle Ginestre.
4. Application for a Concession.

Production Concessions

Rapagnano (Rapagnano Concession)

The concession is located in Fermo Province, Marche Region, central Italy. Geologically the area is within the Ancona-Pescara Basin associated with the Central Apennine foredeep. First gas was delivered from the onshore Rapagnano field to the local gas distributor on 15 May 2013. The initial production rate was 10,000 Scmd (0.4 MMscfd).

In September 2014, the Group renewed, for a 12 month period, the gas sales agreement for the Rapagnano gas field with Steca Energia Srl. This agreement, which runs until September 2015 and is expected to be renewed on an annual basis, includes no “take or pay” component and is based on a variable market price. The Company estimates this agreement to deliver an average price of €0.249 per Scm (US\$9.2/Mscf) over its term.

Total 2014 production was 3.82 MMscm (135 MMscf). This yielded revenue of €1,067,000 for 2014 gas deliveries. The Group plans to produce a further 1.1 Bscf over a ten year period.

Casa Tiberi (San Lorenzo Concession)

The concession (named San Lorenzo) is located in Ancona, Marche in central Italy, within the foredeep trough of the Central Apennines. The principal hydrocarbon plays are for biogenic gas in sand bodies in the shallow Pleistocene-Pliocene section and thermogenic gas in the deeper Miocene and older carbonates.

First gas was delivered from Casa Tiberi to Prometeo SpA, the local gas distributor, on 28 July 2014, and has been delivered at an average daily flowrate of 3,900 Scmd (0.14 MMscfd). A 12 month gas sales agreement was entered into by the Group with Prometeo SpA in September 2014 at a fixed price of €0.267 per Scm (US\$9.9/Mscf) until September 2015.

Total 2014 production for the period from 28 July 2014 to 31 December 2014 was 0.62 MMscm (21.96 MMscf). This yielded revenue of £124,000 for 2014 gas deliveries. Whilst the Company expects, in the short term, that the field will begin to produce at a declining rate, the field has recently yielded circa €270,000 of cash flow after operating costs per annum.

Appraisal Assets

Nervesa Discovery (Carita Permit)

The permit is located in northeast Italy, within the Alpine foredeep province.

The Nervesa structure was drilled by ENI in 1985 with two wells (Nervesa-1 and Nervesa-1dir A) and proved gas-bearing in at least several sand intervals within the Tortonian (5, 6a-d, 7a-e, 8, 9a-b). Of these intervals only one (9a) was completed in Nervesa-1 and put in production between 1989 and 1991. The permit was acquired by Celtique Energie SpA in 2010 and was subsequently operated by Appenine Energy. Following the Group's acquisition of Celtique Energie SpA, the Group's working interest in the Carita Permit was increased to 100 per cent. in November 2011.

12 sand intervals, from 1,829m to 1,964m, were identified. Following a complete seismic review of the entire structure, a first appraisal well was planned to be drilled in 2013.

The first well was drilled in July and August 2013 and confirmed the discovery of a multilayered reservoir. The well was successfully tested and completed with a double string. It is now expected to flow at start-up with a stabilized gas flow rate of 1.8 MMscfd from the deeper completion intervals only. Other shallower horizons can be put into production later in time to support the life of the well.

Following the successful discovery, the Group applied for a production concession (namely the "Casa Tonetto" concession), with a view to achieving first gas sales at Nervesa during 2015.

With the final approval of the Environmental Impact Assessment for the concession from the Veneto Region received in April 2015, the final award of the Casa Tonetto concession from the Italian Ministry of Economic Development is expected shortly. Offsite construction of the production processing facilities is already underway – enabling the onsite connection and commissioning to occur in 2015.

Further revisions to the seismic interpretation have confirmed the existence of a dynamically separated southern limb to the Nervesa field. The drilling of a second appraisal well, designed to address this southern part of the structure, commenced on 23 April 2015.

The Company announced on 20 May 2015 that the second Nervesa appraisal well had reached total depth at 2,054 metres and that logging had also completed. Logging results confirm that mud log gas shows were recorded whilst drilling in the target reservoir zone within the Miocene San Dona Formation. The wireline logging has confirmed the presence of various gas bearing levels.

The Company is now proceeding to complete the well and to test the well thereafter, after which a further announcement will be made. It is not expected that such an announcement will be made before the last time for acceptances by Eligible Shareholders under the Open Offer.

Following completion of the second Nervesa appraisal well, and successful testing, it is expected that an extension of the production concession will be requested to allow for the fast tracked development of the southern structure.

Sound Oil will also consider a further, third, development well to maximise the recovery factor of the full gas bearing sequence and accelerate the cash flows from the Nervesa fields.

Laura Discovery (D-R74-AP Permit)

The D-R74-AP permit, containing the Laura field, is located in the Ionia Sea Zone D within the Sibari Basin in offshore Calabria.

Average water depth is 200m. The permit area was formerly held by Agip as permit D.R50.AG between 1976 and 1984. In 1980 commercial gas was discovered in two sand intervals in Laura-1 (Pleistocene, 1,306-1,343m and Messinian, 1,437-1,452m; the upper interval tested at 11 MMscfd). Despite a concession for offshore development being awarded, Agip relinquished the concession on the basis of low prevailing gas prices.

The D-R74-AP permit was awarded to the Group in June 2014 and the drilling application was recently submitted.

Subject to an Environmental Impact Assessment in order to reduce potential drilling and development costs, the Group intends to drill the discovery from an onshore location with a long reach deviated well similar to the Wytch Farm oil field development in the English Channel, UK.

The Group has completed feasibility studies for this strategy and for the future development of the discovery – including in relation to processing facilities and connection of the plant to the high pressure Snam network.

The Group is continuing in its search for a farm-in partner for the D-R74-AP Permit and is in the process of discussions with interested parties.

Santa Maria Goretti Discovery (Santa Maria Goretti Permit)

The Group has a 100 per cent. working interest in the Santa Maria Goretti Permit – which was awarded to the Group in December 2013. The Permit is located onshore in the Marche Region and covers an area of 101 square kilometres.

The SMG Permit area contains the southern extension of two significant producing gas fields, which are operated by ENI in the adjacent northern permits.

Sound Oil's internal seismic evaluation and reservoir studies are very encouraging and a drilling application to appraise the "thin bed" sequence of 200 metres thickness was submitted in January 2014. The Environmental Impact Assessment is ongoing.

Exploration Assets

Badile Prospect (Badile Permit)

Following a permit application made in January 2006, the Badile Permit was awarded to the Group in March 2010. To date EIA and Geographical & Geophysical data studies have been completed on this permit, the latter of which enabled the identification of two prospects – namely Badile and Zibido.

Following a detailed engineering design process, the Group applied for the drilling of the exploratory well Moirago-1 submitting both the well project and the relevant EIA documentation in December 2013.

In March 2015, the Group received the approval of the EIA for the Badile exploration well from the Lombardy Regional Government. The drilling authorisation from the Italian Ministry of Economic Development is expected to follow with the endorsement of the Lombardy Region.

In 2014, the Group purchased a 60,000 square metre plot of industrial land in the Lombardy Region for the well site. This plot of land will allow for additional infilling and for the accommodation of all processing facilities.

In addition, preparations for drilling of the Badile exploration well, including the identification and negotiation of a farm in to an interest in the Badile Permit, continue. The well head has been already delivered to the Group and other long lead items are now available.

Summary of Resources

The Company's latest estimates of recoverable reserves and resources (aggregating the results of the CGG CPR, the 2013 CPR and the 2010 CPR) are shown in the table below:

Licence	Asset	Sound Oil Equity Interest %	Reserves (Bscfe)			Contingent Resources (Bscfe)				Prospective Resources (Bscfe)			
			1P	2P	3P	1C	2C	3C	CoD %	Low	Best	High	CoS %
Rapagnano	Rapagnano	100%	0.8	1.1	1.3	—	—	—	—	—	—	—	—
Carita	Nervesa	100%*	0.7*	3.0*	8.5*	5.9	10.3	18.0	100	—	—	—	—
DR74-AP	Laura	100%	—	—	—	12.3	14.2	21.4	70/75/82	0.6	2.9	4.2	56
Santa Maria Goretti	Santa Maria Goretti	100%	—	—	—	—	—	—	—	9.7	33.4	67.7	68
D503-BR-CS	Dora / Dalla	100%	—	—	—	7.9	17.6	24.0	50	8.9	24.6	50.5	56
Villa Gigli	Musone	100%	—	—	—	2.4	10.2	17.4	50	—	—	—	—
Costa del Sole	Manfria / Cielo	100%	—	—	—	13.2	14.4	16.2	50	14.4	16.8	19.8	43
Total CGG CPR (excl Badile/Zibido)			1.6	4.0	9.8	41.7	66.7	97.0	N/A	33.6	77.8	142.3	N/A
Badile	Badile	100%	—	—	—	—	—	—	—	46.0	178.1	673.3	22
Badile	Zibido (gas case)	100%	—	—	—	—	—	—	—	N/A	130.2	>130**	14
Total			1.6	4.0	9.8	41.7	66.7	97.0	N/A	79.6	386.1	945.6	N/A

CoS – Chance of Success

CoD – Chance of Development

* – reserve volumes stated as 100%; CSTI have a 36.5% profit interest for the first 4 years of production

** – the 2010 CPR did not include a high case estimate; the table above assumes the best case as a minimum high case

Forward Drill Programme

The Group's short-term Italian drill programme is focused on:

- Accelerating material cash flows from existing discoveries on the Carita (Nervesa).
- Prioritising the high upside exploration prospects, including Badile.
- Funding key drills, including Laura and Badile, through the introduction of partners.
- Building a portfolio of producing assets to cover the Group's essential overheads.

The 2015 drill programme in respect of the Group's existing assets will include:

- Completion of the drilling of the second appraisal well addressing the southern structure of the Nervesa discovery in Q2 2015 with a view to accelerating production and cash flow from this asset. First commercial gas from the northern structure is expected in late 2015.
- Permitting and drilling the Laura discovery using a long reach deviated well from onshore. The Group is continuing in its search for a farm-in partner for the D-R74-AP Permit and is in the process of discussions with interested parties.
- Permitting and farming out an interest in the Badile Permit.
- Permitting and drilling an appraisal well at the onshore Santa Maria Goretti Permit located in the Marche region.

Tendrara Licence

The Group's strategy is to build a mid cap Mediterranean oil and gas business. Whilst the Group's initial strategic focus has been on its onshore gas portfolio in Italy, which provides a balance of high upside exploration, low risk appraisal / development assets and some cost covering production, the Group has also been working on various potential transactions which would serve to widen the portfolio.

As announced by Sound Oil on 11 May 2015, the Company has been granted a 30 day period of exclusivity from OGIF in relation to a potential farm in to the Tendrara Licence, onshore Morocco

This grant of exclusivity initiated exclusive negotiations between Sound Oil and OGIF and follows the submission of an indicative offer letter from Sound Oil to OGIF in respect of the Tendrara Licence.

The Tendrara Licence is an onshore stranded gas discovery with low risk appraisal potential (preliminary internal estimates of existing discovery volumes are broadly comparable to estimated volumes at the Group's Badile Permit, if Badile were successfully drilled) and significantly greater (multiple Tcf) blue sky exploration upside.

Sound Oil has offered, subject to contract and regulatory approvals, to assume operatorship of the Tendrara Licence and to take a 55 per cent. working interest (with OGIF retaining 20 per cent. and ONYHM the remaining 25 per cent.). The 55 per cent. working interest would be granted in two tranches, with the initial 37.5 per cent. being awarded immediately on completion of the transaction and the remaining 17.5 per cent. being granted once Sound Oil commits on the second exploration phase (which would include a second well).

Under the current draft terms of the proposed farm in, Sound Oil will pay 100 per cent. of the cost of three wells, of which only the first well would be a firm commitment. The first well is to appraise the larger of two existing discoveries in the Tendrara Licence with a view to addressing the residual reservoir uncertainties (well deliverability and areal continuity) and proving up sufficient reserves to properly size the design of the infrastructure required to commercialize the gas. Sound Oil's commitment to fund the second and third wells would depend upon the results of that first well.

Subject to completion of the transaction, it is anticipated that drilling of the first well, costing approximately £6 million (100 per cent.), would commence in Q4 2015.

5. Financial information

Audited accounts for the Group for each of the three years ended 31 December 2013, 31 December 2012 and 31 December 2011 are available on the Company's website www.soundoil.co.uk, as are the unaudited interim accounts for the 6 months ended 30 June 2014.

The Company announced its unaudited preliminary results for the 12 months ended 31 December 2014 on 28 April 2015. A copy of the unaudited preliminary results announcement is also available on the Company's website.

As at 31 December 2014, the Group's unaudited cash balance was approximately £12.6 million and unaudited net debt was £0.96 million as at that same date.

The proceeds of the Placing and the Open Offer will materially enhance the Company's unaudited cash balance.

6. Principal terms of the Open Offer

A total of up to approximately £3.46 million is being raised through the Open Offer pursuant to which up to 18,226,394 Open Offer Shares are being hereby offered at an issue price of 19.0p per Open Offer Share to Eligible Shareholders (being the same price as the issue price under the Placing) on the terms and conditions set out in this document and, where relevant, the Application Form. Each Open Offer Share issued will be accompanied by a detachable Open Offer Warrant. The Issue Price represents a discount of approximately 15.6 per cent. to the closing mid-market price of 22.5p per Existing Ordinary Share on 20 May 2015, being the last practicable Business Day prior to the publication of this document.

Each Open Offer Share issued will be accompanied by one Open Offer Warrant to subscribe for a new Ordinary Share at a price of 24.0 pence per new Ordinary Share for a period of 5 years from admission to trading on AIM of the First Tranche Placing Shares on 22 May 2015.

It is the Company's intention that the Open Offer Warrants will be listed on the third market of the Vienna Stock Exchange as soon as practicable after Admission of the Open Offer Shares. The Open Offer Warrants will not be admitted to trading on AIM. The Open Offer Warrants are expected to be issued in certificated form for Eligible Non-CREST Shareholders and uncertificated form for Eligible CREST Shareholders. The Company is investigating how best to enable the Open Offer Warrants to be settled prior to any listing on the third market of the Vienna Stock Exchange.

The Open Offer is only being made to Eligible Shareholders whose names appear on the register of members of the Company on the Record Date as holders of Existing Ordinary Shares and who are resident in the United Kingdom. Each Eligible Shareholder's entitlement has been calculated on the basis of 1 Open Offer Share for every 23 Existing Ordinary Shares held at the Record Date.

Eligible Shareholders are also being given the opportunity, provided that they take up their Open Offer Entitlement in full, to apply for additional Open Offer Shares through the Excess Application Facility. In order to maximize the Ordinary Shares available to existing shareholders under the Open Offer, as a condition of their participation in the Placing, each of the Placees irrevocably undertook (at the request of the Company) that they and their affiliates would not take up any Ordinary Shares which may have been offered to them under the Open Offer. These Open Offer Entitlements will be made available to Eligible Shareholders under the Excess Application Facility.

Once subscriptions under the Open Offer Entitlements have been satisfied in full, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part, and no assurance can be given that applications by Eligible Shareholders under the Excess Application Facility will be met in full or in part or at all.

To the extent that additional Open Offer Shares are not subscribed by Eligible Shareholders, Open Offer Entitlements will lapse. Eligible Shareholders may apply for more or less Open Offer Shares than they are entitled to under the Open Offer.

The Open Offer is conditional upon:

- the passing of the Resolutions; and
- the Admission of the Open Offer Shares becoming effective by not later than 8.00 a.m. on 10 June 2015 (or such later time as the Company may in its absolute discretion determine, being no later than 30 June 2015).

Accordingly, in the event that any of these conditions are not satisfied, or, if applicable, waived, by 10 June 2015 (or such later time as the Company may in its absolute discretion determine, being no later than 30 June 2015) the Open Offer will not proceed. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter.

Fractions of Open Offer Shares will not be allotted to Eligible Shareholders in the Open Offer and, where necessary, entitlements under the Open Offer will be rounded down to the nearest whole number of Open Offer Shares. Any fractional entitlement to Open Offer Shares will be disregarded in calculating Open Offer Entitlements.

Whilst Eligible Shareholders with a shareholding of less than 23 Existing Ordinary Shares on the Record Date will not be receive an Open Offer Entitlement, such Eligible Shareholders will be able to apply for Open Offer Shares under the Excess Application Facility.

The participation of an Eligible Shareholder for its Open Offer Entitlement and any Excess Shares under the Excess Application Facility does not guarantee that their percentage shareholding will not be diluted from the position prior to the Placing and the Open Offer as a result of the Placing and Open Offer.

The Open Offer Shares have not been and are not intended to be registered or qualified for sale in any jurisdiction other than the United Kingdom. Accordingly, unless otherwise determined by the Company and effected by the Company in a lawful manner, the Application Form will not be sent to Shareholders with registered addresses in any jurisdiction other than the United Kingdom since to do so would require compliance with the relevant securities laws of that jurisdiction. Applications from any person outside the United Kingdom will be deemed to be invalid.

Part II of this document, together with the accompanying Application Form, contains further terms and conditions of the Open Offer.

7. Open Offer Warrants

A description of the key terms of the Open Offer Warrants is set out in Part II of this document.

8. Use of Proceeds

The net proceeds of the Open Offer will be used for progressing the Group's projects and will provide the Company with additional funding to execute various strategic transactions, which are currently under negotiation, whilst minimizing dilution for existing Shareholders.

9. The General Meeting

At the end of this document, you will find a notice convening a general meeting of the Company, which is to be held at 12 noon on 8 June 2015 at the offices of Smith & Williamson at 25 Moorgate, London EC2R 6AY. The resolutions to be proposed at the General Meeting will be:

- (1) an ordinary resolution to grant authority to the Directors to allot equity securities pursuant to section 551 of the Companies Act 2006 (the "Act") up to an aggregate nominal value of £1,267,001. This authority will expire (unless renewed, varied or revoked) at the conclusion of the Company's next Annual General Meeting; and
- (2) a special resolution to disapply the statutory pre-emption rights contained in section 561(1) of the Act in respect of any allotments made pursuant to the authority set out in Resolution 1.

The full text of the Resolutions is set out in the notice of General Meeting which is appended to this document.

Passage of the Resolutions will enable the issue of the Second Tranche Placing Shares, the issue and exercise of the Second Tranche Placing Warrants, the issue of the Open Offer Shares, the issue and exercise of the Open Offer Warrants and, in addition, enable the issue of up to a further 59,931,501 Ordinary Shares free of pre-emption rights.

Resolution 1 will be proposed as an ordinary resolution while Resolution 2 will be proposed as a special resolution.

10. Action to be taken

In respect of the General Meeting

You will find enclosed with this document a Form of Proxy for use by Shareholders at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon. To be valid, completed Forms of Proxy must be received by Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible and in any event not later than 12.00 noon on 5 June 2015, being 48 hours (excluding non-Business Days) before the time appointed for holding the General Meeting. Completion of a Form of Proxy will not preclude you from attending the meeting and voting in person if you so choose.

In respect of the Open Offer

If an Eligible Shareholder does not wish to apply for Open Offer Shares he should not complete or return the Application Form nor send a USE message through CREST.

(i) Eligible Non-CREST Shareholders (i.e. holders of Ordinary Shares who hold their shares in certificated form)

If you are an Eligible Non-CREST Shareholder and wish to participate in the Open Offer, you should carefully read the Application Form accompanying this document which gives details of your Open Offer Entitlement. If you wish to apply for Open Offer Shares under the Open Offer (whether in respect of your Open Offer Entitlements, or both your Open Offer Entitlement and any Excess Open Offer Entitlements), of which, subject to satisfaction of the terms and conditions set out in this document and the Application Form, any application for your Open Offer Entitlement shall be satisfied in full, you should complete and send the Application Form along with the appropriate remittance to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 11.00 a.m. on 8 June 2015 and in accordance with the procedure set out at paragraph 6 of Part II of this document.

(ii) Eligible CREST Shareholders (i.e. holders of Ordinary Shares who hold their shares in uncertificated form through CREST)

If you are an Eligible CREST Shareholder, you will not receive an Application Form. You will instead receive a credit to your account in CREST in respect of your Open Offer Entitlement. You should refer to the procedure for application set out in paragraph 6 of Part II of this document. Applications by Eligible CREST Shareholders for Excess Open Offer Entitlements should be made in accordance with the procedures set out in paragraph 6 of Part II of this document.

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

Eligible Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of their applications.

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

11. Overseas shareholders

If you are not an Eligible Shareholder and/or a person who has a contractual or other legal obligation to forward this document or an Application Form into a jurisdiction outside the UK and

who has a registered address in, or who is resident or ordinarily resident in, or a citizen of, or which is a corporation, partnership or another entity created or organised under the law of a country other than the UK, then your attention is drawn to the information in paragraph 8 of Part II of this document.

12. Taxation

A summary general guide to current UK tax legislation is provided at paragraph 5 of Part IV of this document. Any person who is in any doubt as to their tax position, or is subject to tax in any jurisdiction other than the UK, should consult their professional adviser without delay.

13. Further Information

Your attention is drawn to the Risk Factors relating to the Group set out in Part III of this document, the additional information set out in Part IV of this document and the terms and conditions of the Open Offer set out in Part II of this document and the Application Form.

Yours faithfully,

Simon Davies
Chairman

PART II

DETAILS OF THE OPEN OFFER

1. Introduction

As explained in Part I of this document, the Company proposes to raise up to a maximum of £3.46 million by way of an Open Offer of up to 18,226,394 Open Offer Shares at the Issue Price. The Company hereby invites Eligible Shareholders to apply, on and subject to the terms and conditions set out in this document and, where relevant, in the Application Form, and subject to the Articles of the Company, for Open Offer Shares *pro rata* to their holdings of Existing Ordinary Shares on the Record Date at the Issue Price, free from all expenses, payable in cash in full on application. Each Open Offer Share issued will be accompanied by one Open Offer Warrant to subscribe for a new Ordinary Share at a price of 24.0 pence per new Ordinary Share for a period of 5 years from admission to trading on AIM of the First Tranche Placing Shares on 22 May 2015. The Open Offer Warrants will be issued on Admission of the Open Offer Shares.

Eligible Shareholders are also being given the opportunity, provided that they take up their Open Offer Entitlement in full, to apply for additional Open Offer Shares through the Excess Application Facility. In order to maximise the Ordinary Shares available under the Open Offer for Eligible Shareholders that did not participate in the Placing, the Placees under the Placing irrevocably undertook (at the request of the Company) that they and their affiliates would not take up any Ordinary Shares which may have been offered to them as part of the Open Offer.¹ The Open Offer Entitlement which could otherwise have been available to the Placees and their affiliates under the Open Offer will be made available to Eligible Shareholders under the Excess Application Facility.

Only Eligible Shareholders, that is Shareholders who are resident in the United Kingdom on the Record Date, will be eligible to make an application for Open Offer Shares. Shareholders domiciled in any other territory, including any other EEA member state, will not be permitted to apply for any Open Offer Shares.

The Open Offer Shares 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. The allotment and issue of the Open Offer Shares will be made upon and be subject to the terms and conditions set out in this document and, in the case of Eligible Non-CREST Shareholders in the Application Form.

Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Open Offer Shares will commence on AIM at 8.00 a.m. on 10 June 2015.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the Open Offer Shares; all of such Open Offer Shares, when issued and fully paid, may be held and transferred by means of CREST.

If an Eligible Shareholder does not wish to apply for Open Offer Shares he should not complete or return the Application Form.

A maximum number of 18,226,394 Open Offer Shares will be offered to Eligible Shareholders as part of the Open Offer. In no circumstances will more than this number of Ordinary Shares be issued pursuant to the Open Offer.

2. Open Offer Warrants

Each Open Offer Share issued will be accompanied by one Open Offer Warrant to subscribe for a new Ordinary Share at a price of 24.0 pence per new Ordinary Share for a period of 5 years from admission to trading on AIM of the First Tranche Placing Shares on 22 May 2015.

The Open Offer Warrants will be issued on Admission of the Open Offer Shares and it is the Company's intention that the Open Offer Warrants will be listed on the third market of the Vienna Stock Exchange as soon as practicable after Admission of the Open Offer Shares. The Open Offer Warrants will not be admitted to trading on AIM. The Open Offer Warrants are expected to be

¹ As a result, Continental, which is 25 per cent. owned by Marco Fumagalli, and its affiliates will not be subscribing for any Open Offer Shares.

issued in certificated form for Eligible Non-CREST Shareholders and uncertificated form for Eligible CREST Shareholders. The Company is investigating how best to enable the Open Offer Warrants to be settled prior to any listing on the third market of the Vienna Stock Exchange.

The issue and the exercise of the Open Offer Warrants is subject to the passing of the Resolutions.

The key terms of the Open Offer Warrants are as follows:

- the exercise price of the Open Offer Warrant shall be 24 pence;
- the Open Offer Warrants may be exercised from issue until the date which is 5 years from the date of admission to trading on AIM of the First Tranche Placing Shares on 22 May 2015;
- the Open Offer Warrants shall be freely transferable;
- the Open Offer Warrants may not be exercised if to do so would cause the warrant holder (together with its related parties or concert parties) to hold Ordinary Shares in the Company which exceed 29.9 per cent. of the Company's then total issued Ordinary Shares; and
- for so long as the Ordinary Shares of the Company are admitted to trading on any stock exchange, the Company will make application for listing of Ordinary Shares issued on any exercise of Warrants on such exchange as soon as practicable following their issue.

Upon exercise of the Open Offer Warrants, the resulting new Ordinary Shares will be credited as fully paid and will rank *pari passu* in all respects with the Company's Existing Ordinary Shares including the right to receive all dividends and other distributions declared, made or paid after their date of issue.

3. Principal terms and conditions of the Open Offer

Subject to the fulfillment of the terms and conditions referred to in this document and, where relevant, set out in the Application Form, Eligible Shareholders are being given the opportunity to apply for Open Offer Shares at the Issue Price payable in full on application and free of all expenses, *pro rata* to their holdings of Existing Ordinary Shares on the Record Date on the basis of:

1 Open Offer Share for every 23 Existing Ordinary Shares held on the Record Date

Each Open Offer Share issued will be accompanied by one detachable Open Offer Warrant

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer. Open Offer Entitlements will be rounded down to the nearest whole number of shares and fractional entitlements which would have otherwise arisen will not be issued. The fractional entitlements may be aggregated and made available via the Excess Application Facility.

Eligible Shareholders may apply for more or less Open Offer Shares than they are entitled to under the Open Offer. Applications for an Eligible Shareholder's Open Offer Entitlement which satisfies the terms and conditions of this document, and where relevant, the Application Form, will be met in full. Applications under the Excess Application Facility for any Excess Shares beyond an Eligible Shareholder's Open Offer Entitlement shall be determined by the Directors in their absolute discretion and no assurance can be given that these applications will be met in full, in part or at all.

Whilst Eligible Shareholders with a shareholding of less than 23 Ordinary Shares on the Record Date will not receive an Open Offer Entitlement, such Eligible Shareholders will be able to apply for Open Offer Shares under the Excess Application Facility.

The total consideration under the Open Offer shall be less than €5 million (or an equivalent amount) in aggregate (so that the Company is not required to prepare a prospectus in connection with the Open Offer for the purposes of the Prospectus Rules published by the FCA). To the extent that applications received from Eligible Shareholders reach or exceed €5 million in aggregate, excess applications shall be scaled back at the absolute discretion of the Company (but to an amount which is not less than the relevant Eligible Shareholder's Open Offer Entitlement). Any monies received from an applicant in excess of the amount due because applications have been scaled back will be returned to the application without interest at the applicant's risk.

Only Eligible Shareholders, which means only Shareholders who are resident in the United Kingdom on the Record Date, will be eligible to make an application for Open Offer Shares. Shareholders domiciled in any other territory, including any other EEA member state, will not be permitted to apply for any Open Offer Shares.

Eligible Shareholders should be aware that the Open Offer is not a rights issue and the Application Form is not a negotiable document and cannot be traded. Applications for Open Offer Shares may only be made by the Eligible Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Open Offer Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer but will be made available under the Excess Application Facility. Eligible Shareholders who do not apply to take up Open Offer Shares will have no rights under the Open Offer.

If you are an Eligible Non-CREST Shareholder you will have received an Application Form with this document and you should refer to paragraph 6(a) of this Part II.

If you hold your Existing Ordinary Shares in CREST and have received a credit of your Open Offer Entitlements and Excess CREST Open Offer Entitlements to your CREST stock account, please refer to paragraph 6(b) of this Part II and also to the CREST Manual for further information on the CREST procedures referred to below.

4. Conditions and further terms of the Open Offer

The Open Offer is conditional upon:

- the passing of Resolutions; and
- the Admission of the Open Offer Shares becoming effective by not later than 8.00 a.m. on 10 June 2015 (or such later time as the Company may in its absolute discretion determine).

Accordingly, in the event that any of these conditions are not satisfied, or, if applicable, waived, by 10 June 2015 (or such later time as the Company may in its absolute discretion determine, being no later than 30 June 2015) the Open Offer will not proceed. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter.

Further terms of the Open Offer are set out in this document and, where relevant, in the Application Form.

5. Further terms of the Open Offer

No temporary documents of title will be issued in respect of the Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up are expected to be posted to those Eligible Shareholders who have validly elected to hold their Open Offer Shares in certificated form by 17 June 2015. In respect of those Eligible Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their stock accounts maintained in CREST by as soon as possible after 8.00 a.m. on 10 June 2015.

Definitive certificates in respect of Open Offer Warrants are expected to be posted to Eligible Non-Crest Shareholders who have taken up their Open Offer Entitlements and any Excess Open Offer Entitlements (as the case may be) by 17 June 2015. Open Offer Warrants are expected to be credited to stock accounts maintained in CREST by as soon as possible after 8.00 a.m. on 10 June 2015 for Eligible CREST Shareholders who have taken up their Open Offer Entitlements and any Excess Open Offer Entitlements (as the case may be).

All monies received by the Receiving Agent in respect of Open Offer Shares will be credited to a non interest bearing account by the Receiving Agent.

The Company reserves the right to extend the closing time of the Open Offer from 11.00 a.m. on 8 June 2015. In this event, the revised closing time will be published in such manner as the Company determines.

6. Procedure for Application and Payment

The action to be taken by you in respect of the Open Offer depends on whether, at the relevant time, you have an Application Form in respect of your entitlement under the Open Offer or you have Open Offer Shares representing your Open Offer Entitlement and Excess CREST Open Offer Entitlement credited to your CREST stock account in respect of such entitlement.

Eligible Shareholders who hold their Existing Ordinary Shares in certificated form will be allotted Open Offer Shares in certificated form. Eligible Shareholders who hold all or part of their Existing Ordinary Shares in uncertificated form will be allotted Open Offer Shares in uncertificated form to

the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Eligible Shareholders to deposit entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 6(b)(vii) of this Part II.

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

The Company reserves the right to amend or extend the closing time of the Open Offer from 11.00 a.m. on 8 June 2015 and all related dates set out in this document. In such circumstances, the Company shall make an announcement on an RIS.

Eligible Shareholders who do not wish to apply for any Open Offer Shares under the Open Offer should not complete or return the Application Form or submit a USE message through CREST. Eligible Shareholders who hold their Ordinary Shares in CREST through a nominee and who wish to apply for Open Offer Shares must contact their nominee as such Eligible Shareholders will not be able to apply for Open Offer Shares directly using the Application Form.

(a) If you receive an Application Form in respect of your entitlement under the Open Offer

(i) General

Subject as provided in paragraph 8 of this Part II in relation to Overseas Shareholders, Eligible Non-CREST Shareholders will have received an Application Form enclosed with this document. The Application Form shows the number of Existing Ordinary Shares registered in your name on the Record Date. It also shows the number of Open Offer Shares comprising your Open Offer Entitlement. You may apply for more or less Open Offer Shares than your Open Offer Entitlement. Applications up to each Eligible Shareholder's Open Offer Entitlement which satisfy the terms and conditions set out in this document and in the Application Form, will be met in full. Eligible Non-CREST Shareholders may apply for additional Open Offer Shares under the Excess Application Facility. The total number of Open Offer Shares is fixed and will not be increased in response to any applications in excess of what is available under the Excess Application Facility. Applications under the Excess Application Facility will therefore only be satisfied to the extent that other Eligible Shareholders do not apply for their Open Offer Entitlements in full. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications for excess Open Offer Shares by Eligible Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned by post to applicants, at the applicants' risk and without interest, to the address set out on the Application Form, within 14 days thereafter.

Eligible Non-CREST Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim. The instructions and other terms set out in the Application Form forms part of the terms of the Open Offer in relation to Eligible Non-CREST Shareholders.

The instructions, notes and other terms set out in the Application Form constitute part of the terms of the Open Offer.

(ii) Market claims

Applications may only be made on the Application Form and may only be made by the Eligible Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked "ex" the entitlement to the Open Offer by the London Stock Exchange, being 8.00 a.m. on 18 May 2015. Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims up to 3.00 p.m. on 4 June 2015. The Application Form will not be a negotiable document and will not be separately tradeable.

An Eligible Non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of Ordinary Shares prior to the date upon which the Existing Ordinary Shares were marked "ex" the entitlement to the Open Offer by the London Stock Exchange, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee. Eligible Non-CREST Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 8 on the Application Form and immediately send it to the

stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Application Form should not, however be forwarded to or transmitted to any territory outside the United Kingdom. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedure set out in paragraph 6(b)(ii) below.

(iii) Excess Application Facility

Eligible Shareholders who have taken up their Open Offer Entitlement in full may apply for additional Open Offer Shares through the Excess Application Facility.

Eligible Shareholders wishing to apply for additional Open Offer Shares through the Excess Application Facility may do so by inserting the total number of Open Offer Shares (including his Open Offer Entitlement) for which application is being made (which may be up to an amount equal to the total number of Open Offer Shares available under the Open Offer less an amount equal to an Eligible Non-CREST Shareholder's Open Offer Entitlement) in Box 5(b) of the Application Form and enclosing remittance for the amount inserted in Box 6 of the Application Form.

Applications under the Excess Application Facility for any Excess Shares beyond an Eligible Shareholder's Open Offer Entitlement shall be determined by the Directors in their absolute discretion and no assurance can be given that these applications will be met in full, in part or at all. Excess monies in respect of applications which are not met in full will be returned by post to applicants, at the applicants' risk and without interest, to the address set out on the Application Form, within 14 days thereafter.

(iv) Application procedures

Eligible Non-CREST Shareholders wishing to apply for all, some or more than your entitlement to Open Offer Shares under the Open Offer should complete the Application Form in accordance with the instructions printed on it.

Completed Application Forms should be posted in the pre-paid envelope accompanying the Application Form or returned by post or by hand (during normal business hours only) to the Receiving Agent, Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU (who will act as Receiving Agent in relation to the Open Offer) so as to be received by the Receiving Agent by no later than 11.00 a.m. on 8 June 2015. Eligible Non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. Eligible Shareholders are recommended to allow at least four working days for delivery if posted by first class post. If you have any questions relating to this document, and the completion and return of the Application Form, please telephone Capita Asset Services between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday on 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Open Offer or as to whether or not you should take up your entitlement to Open Offer Shares under the Open Offer nor give any financial, legal or tax advice.

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

- (i) Application Forms received after 11.00 a.m. on 8 June 2015; or
- (ii) applications in respect of which remittances are received before 11.00 a.m. on 8 June 2015 from authorised persons (as defined in FSMA) specifying the Open Offer Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days.

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

(v) *Payments*

All payments must be in pounds sterling and made by cheque or bankers' draft and should be made payable to "Capita Registrars Limited re: Sound Oil PLC Open Offer a/c" and crossed "A/C payee only". Cheques and bankers' drafts must be drawn in sterling on a bank or building society in the UK which is either a settlement member of the Cheques & Credit Clearing Company Limited or the CHAPS & Town Clearing Company Limited or a member of the Committee of Scottish or Belfast Clearing Houses or which has arranged for its cheques and bankers' drafts to be cleared through facilities provided for the members of either of those companies or committees and must bear the appropriate sorting code in the top right hand corner. **No application will be considered unless these requirements are fulfilled.**

Cheques should be drawn on the personal account to which the Eligible Shareholder has sole or joint title to the funds. Third party cheques will not be accepted with the exception of bankers' drafts/building society cheques where the bank/building society has confirmed the name of the account holder on the back of the draft/cheque and has added their stamp. The account name must be the same as that of the applicant.

Cheques and bankers' drafts will be presented for payment upon receipt and it is a term of the Open Offer that cheques will be honoured on first presentation and the Company may elect in their absolute discretion to treat as invalid acceptances in respect of which cheques are not so honoured. If cheques or bankers' drafts are presented for payment before the conditions of the Open Offer are fulfilled, the application monies will be kept in a separate non-interest bearing bank account pending fulfilment of such conditions. If all the conditions of the Open Offer have not been fulfilled or (where appropriate) waived by 10 June 2015 (or such later date as the Company may in its absolute discretion determine, but in any event not later than 30 June 2015), application monies will be returned, without interest, by crossed cheque in favour of the applicant(s) (at the applicant's risk) through the post as soon as is practicable after that date.

(vi) *Effect of Application*

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

By completing and delivering an Application Form, the applicant gives the representations, warranties, covenants, agreements and acknowledgments set out in Schedule 1.

If you do not wish to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, you should not complete and return the Application Form.

If you are in any doubt as to whether or not you should apply for any of the Open Offer Shares under the Open Offer, you should consult your independent financial adviser immediately. All enquiries in connection with the procedure for application and completion of the Application Form should be addressed to the Receiving Agent, Capita Asset Services. If you have any questions relating to this document, and the completion and return of the Application Form, please telephone Capita Asset Services between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday on 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Open Offer as to whether or not you should take up your entitlement.

(b) *If you have your Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer*

(i) *General*

Save as provided in paragraph 8 of this Part II of this document in relation to certain Overseas Shareholders, Each Eligible CREST Shareholder will receive a credit to his stock account in CREST in respect of his Open Offer Entitlement. The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Eligible CREST Shareholder in respect of whom the Open Offer Entitlements and Excess CREST Open Offer Entitlements have been allocated. If for any reason the Open Offer Entitlements and Excess CREST Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Eligible CREST Shareholders cannot be credited by, 3.00 p.m. on 22 May 2015, or such later time and/or date as the Company may decide, an Application Form will be sent to each

Eligible CREST Shareholder in substitution for the Open Offer Entitlements and Excess CREST Open Offer Entitlements which should have been credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Eligible Non-CREST Shareholders with Application Forms will apply to Eligible CREST Shareholders who receive such Application Forms.

CREST members who wish to apply to acquire some or all of their entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below.

Should you need advice with regard to these procedures, please contact the Receiving Agent, Capita Asset Services, between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday on 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Open Offer as to whether or not you should take up your entitlement. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for Open Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

(ii) Market claims

Each of the Open Offer Entitlements and the Excess CREST Open Offer Entitlements will constitute a separate security for the purposes of CREST and will have a separate ISIN. Although Open Offer Entitlements and Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess CREST Open Offer Entitlements may only be made by the Eligible Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim. Transactions identified by the CREST Claims Processing Unit as "cum" the Open Offer Entitlement and Excess CREST Open Offer Entitlements will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) and Excess CREST Open Offer Entitlements will thereafter be transferred accordingly.

(iii) Excess Application Facility

The Excess Application Facility enables Eligible CREST Shareholders to apply for additional Open Offer Shares in excess of their Open Offer Entitlement.

An Excess CREST Open Offer Entitlement may not be sold or otherwise transferred.

Save as provided in paragraph 8 of this Part II of this document in relation to certain Overseas Shareholders, the CREST accounts of Eligible CREST Shareholders will be credited with an Excess CREST Open Offer Entitlement in order for any applications for Excess Shares to be settled through CREST.

Eligible CREST Shareholders should note that, although the Open Offer Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities (for the purposes of market claims only). The Open Offer Entitlements and the Excess CREST Open Offer Entitlements will not be tradeable or listed and applications in respect of the Open Offer may only be made by the Eligible Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

To apply for Excess Shares pursuant to the Excess Application Facility, Eligible CREST Shareholders should follow the instructions below for submitting an USE in respect of the Excess Application Facility.

(iv) USE instructions

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

- (i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements and Excess CREST Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and

- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above.

(v) Content of USE instruction in respect of Open Offer Entitlements

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

- (a) the number of Open Offer Shares for which application is being made (and hence the number of Open Offer Entitlements being delivered to the Receiving Agent);
- (b) the ISIN of the Open Offer Entitlement. This is GB00BXVKV397;
- (c) the CREST participant ID of the accepting CREST member;
- (d) the CREST member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (e) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 7RA33;
- (f) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 28561SOU;
- (g) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (h) the intended settlement date. This must be on or before 11.00 a.m. on 8 June 2015; and
- (i) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 8 June 2015.

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

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

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 8 June 2015 in order to be valid is 11.00 a.m. on that day.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 10 June 2015 or such later time and date as the Company determine (being no later than 8.00 a.m. on 30 June 2015), the Open Offer (including the Excess Application Facility) will lapse, the Open Offer Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Eligible CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

(vi) Content of USE Instructions in respect of Excess CREST Open Offer Entitlements under the Excess Application Facility

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

- (a) the number of Excess Shares for which application is being made (and hence the number of Excess CREST Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (b) the ISIN of the Excess CREST Open Offer Entitlement. This is GB00BXVLWD93;
- (c) the participant ID of the accepting CREST member;
- (d) the CREST member account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;

- (e) the participant ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 7RA33;
- (f) the member account ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 28561SOU;
- (g) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in paragraph (i) above;
- (h) the intended settlement date. This must be on or before 11.00 a.m. on 8 June 2015; and
- (i) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application in respect of Excess CREST Open Offer Entitlements under the Excess Application Facility to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 8 June 2015.

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

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

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 8 June 2015 in order to be valid is 11.00 a.m. on that day.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on or about 10 June 2015 or such later time and date as the Company may, in its absolute discretion, elect (being no later than 8.00 a.m. on 30 June 2015), the Open Offer (including the Excess Application Facility) will lapse, the Open Offer Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by an Eligible CREST Shareholder by way of a CREST payment, without interest, within 14 days thereafter.

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

An Eligible Non-CREST Shareholder's entitlements to apply for Open Offer Shares under the Open Offer as shown by the number of Open Offer Entitlements set out in this Application Form may be deposited into CREST (either into the account of the Eligible Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim), provided that such Eligible Non-CREST Shareholder is also a CREST member. Similarly, Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) to the provisions of the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable a person holding or acquiring such Open Offer Entitlements and the entitlement to apply under the Excess Application Facility following their deposit into CREST, to take all necessary steps in connection with taking up such entitlements prior to 11:00 a.m. on 8 June 2015.

In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST, is 3.00 p.m. on 3 June 2015 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST from CREST is 4.30 p.m. on 2 June 2015 in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements prior and Excess CREST Open Offer Entitlements in CREST to 11.00 a.m. on 8 June 2015.

CREST holders inputting the withdrawal of their Open Offer Entitlement from their CREST account must ensure that they withdraw their Open Offer Entitlement and Excess CREST Open Offer Entitlement. Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Eligible Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Receiving Agent by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed "Instructions for depositing entitlements under the Open Offer into CREST" on page 3 of the Application Form, and a declaration to the Company and the Receiving Agent from the relevant CREST member(s) that they are not a citizen or resident (of any territory other than the United Kingdom, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(viii) Validity of application

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 8 June 2015 will constitute a valid application under the Open Offer.

(ix) CREST procedures and timings

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer (including the Excess Application Facility). It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 8 June 2015. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(x) Incorrect or incomplete applications

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

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

(xi) Effect of Valid Application

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

- i. give the representations, warranties, covenants, agreements and acknowledgments set out in Schedule 1;
- ii. pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application); and
- iii. request that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the Articles of Association of the Company.

(xii) Company's discretion as to the rejection and validity of applications

The Company may in its sole discretion:

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

7. Money Laundering Regulations

(a) Holders of Application Forms

To ensure compliance with the Money Laundering Regulations, the Registrar may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the "verification of identity requirements"). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Registrar. In such case, the lodging agent's stamp should be inserted on the Application Form.

The person lodging the Application Form with payment and in accordance with the other terms as described above (the "acceptor"), including any person who appears to the Registrar to be acting on behalf of some other person, accepts the Open Offer in respect of such number of Open Offer Shares as is referred to therein (for the purposes of this paragraph 7, the "relevant Open Offer Shares") and shall thereby be deemed to agree to provide the Receiving Agent with such information and other evidence as the Registrar may require to satisfy the verification of identity requirements.

If the Registrar determines that the verification of identity requirements apply to any acceptor or application, the relevant Open Offer Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. The Registrar is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither the Registrar nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity and address within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Registrar has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event

the monies payable on acceptance of the Open Offer will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Receiving Agent and the Company from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

The verification of identity requirements will not usually apply:

- i. if the applicant is an organisation required to comply with the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or
- ii. if the acceptor is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- iii. if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name.

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- i. if payment is made by cheque or banker's draft in sterling drawn on a branch in the British Isles of a bank or building society which bears a UK bank sort code number in the top right hand corner, the following applies. Cheques should be made payable to "Capita Registrars Limited re: Sound Oil Open Offer A/C" in respect of an application by an Eligible Shareholder and crossed "A/C Payee Only" in each case. Third party cheques will not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/bankers' draft to such effect. The account name should be the same as that shown on the Application Form; or
- ii. if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in paragraph 7(a)(i) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, the Russian Federation, Singapore, The Republic of South Africa, Switzerland, Turkey, UK Crown Dependencies and the US and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Application Form, written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Registrar. If the agent is not such an organisation, it should contact the Registrar by post to Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

If you have any questions relating to this document, and the completion and return of the Application Form, please telephone Capita Asset Services between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday on 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice

If the Application Form(s) is/are in respect of the Open Offer Shares with an aggregate subscription price of €15,000 (approximately £11,718) or more and is/are lodged by hand by the acceptor in person, or if the Application Form(s) in respect of the Open Offer Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and separate evidence of his address.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 8 June 2015, the Registrar has not received evidence satisfactory to it as aforesaid, the Registrar may, at its discretion, as agent of the Company, reject the relevant

application, in which event the monies submitted in respect of that application will be returned without interest to the applicant (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

(b) Open Offer Entitlements and Excess CREST Open Offer Entitlements

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

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

8. Overseas Shareholders

Only Eligible Shareholders, which means only Shareholders that are resident and domiciled in the United Kingdom, will be eligible to make an application for Open Offer Shares, and in particular no person receiving a copy of this document or the Application Form in any other territory may treat the same as constituting an offer or invitation to him/her nor should he/she in any event complete the Application Form. Accordingly, persons receiving this document and Application Form should not send the same into any other territory, and any copy of this document or the Application Form which is received in any such jurisdiction is sent for information only, is confidential and should not be copied or distributed.

The Company reserves the right to treat as invalid any application or purported application to subscribe for Open Offer Shares pursuant to the Open Offer which appears to the Company or its agent to have been executed, effected or dispatched in a manner which may involve a breach of the securities laws or regulations of any jurisdiction or which does not include the warranties set out in the Application Form.

The Open Offer Shares have not been and are not intended to be registered or qualified for sale in any jurisdiction other than the United Kingdom. Accordingly, unless otherwise determined by the Company and effected by the Company in a lawful manner, the Application Form will not be sent to Shareholders with registered addresses in any other jurisdiction other than the United Kingdom since to do so would require compliance with the relevant securities laws of that jurisdiction. Applications from any such person will be deemed to be invalid. If an Application Form is received by any Shareholder whose registered address is elsewhere but who is in fact a resident or domiciled in a territory other than the United Kingdom, he/she should not seek to take up his/her allocation.

9. Admission, Settlement and Dealings

Application will be made for the admission of the Open Offer Shares to trading on AIM. The result of the Open Offer is expected to be announced on or about 9 June 2015 and it is expected that Admission will become effective and that dealings in the Open Offer Shares, fully paid, will commence at 8:00 a.m on 10 June 2015.

Application will be made for the Open Offer Shares to be admitted to CREST with effect from Admission.

Notwithstanding any other provision of this document or of the Application Form, the Company reserves the right to send Eligible CREST Shareholders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements and Excess CREST Open Offer Entitlements and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST), or on the part of the facilities and/or systems operated by the Company's registrars in connection with CREST. This right may also be exercised if the correct details in respect of *bona fide* market claims (such as the Member Account ID and Participation ID details) are not provided as requested on the Application Form.

For Eligible Non-CREST Shareholders who have applied by using an Application Form, share certificates in respect of the Open Offer Shares validly applied for are expected to be despatched by post by 17 June 2015. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the register of members of the Company. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Existing Ordinary Shareholders are referred to in paragraph 6 of this Part II, and the Application Form.

The result of the Open Offer will be announced and made public through an announcement on a RIS as soon as reasonably practicable after the results are known.

10. Times and dates

The Company reserves the right to amend or extend the closing time of the Open Offer from 11.00 a.m. on 8 June 2015 and all related dates set out in this document. In such circumstances, the Company shall make an announcement on an RIS.

If a supplementary circular is published by the Company two or fewer business days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this document, the latest date for acceptance under the Open Offer shall be extended to the date that is at least three business days after the date of publication of the supplementary circular (and the dates and times of principal events due to take place following such date shall be extended accordingly).

11. Governing law and jurisdiction

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

12. Further information

Your attention is drawn to the further information set out in this document and also to the terms, conditions and other information printed on any Application Form.

PART III

RISK FACTORS

In addition to the other relevant information set out in this document, the following risk factors should be considered carefully when evaluating an investment in the Group. The investment offered in this document may not be suitable for all of its recipients. If you are in any doubt as to the action you should take, you should consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities. A prospective investor should consider carefully whether an investment in the Group is suitable for him/her in the light of his/her personal circumstances and the financial resources available to him/her.

In addition to the usual risks associated with an investment in a business at an early stage of its development, the Directors consider that the risks and other factors described below, which are not set out in any particular order of priority, are the most significant and should be considered carefully together with all the information contained in this document, prior to applying for Open Offer Shares. It should be noted that the risks described below are not the only risks faced by the Group; there may be additional risks that the Directors currently consider not to be material or of which they are currently unaware.

If any of the risks referred to in this Part III crystallise, the Company's business, financial condition, results or future operations could be materially adversely affected. In such case, the price of its shares could decline and investors may lose all or part of their investment.

There can be no certainty that the Company will be able to implement successfully the strategy set out in this document. No representation is or can be made as to the future of the Group and there can be no assurance that the Group will achieve its objectives.

SECTION A: COUNTRY RISKS

Italy

Legal, tax and regulatory changes in Italy, where a majority of the Projects are situated and where the Company's wholly owned subsidiaries are incorporated, may impose additional financial obligations on the Group or otherwise adversely affect the value of the Group's oil and gas exploration permits and the financial position and performance of the Group.

Morocco

The Kingdom of Morocco is, at present, a stable constitutional monarchy with a democratically elected parliament. However, in recent history, the North African region in general has experienced greater economic, social and political volatility than most developed Western countries, including significant civil unrest in several countries, notably the series of events during early 2011 known as the "Arab Spring", which in Morocco, consisted of mass protests in February 2011. Whilst there are significant differences between the different countries in the region, this still creates a higher degree of geo-political risk associated with doing business in the region as a whole. As a result, the Group's future operations there may be impacted by:

- potential difficulties in enforcing agreements and collecting receivables through the local legal and regulatory systems;
- potential difficulties in protecting rights and interest in assets, including changes in laws relating to foreign ownership and government or local partner participation rules;
- changes in government policies and procedures, including restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes, restrictions on the transfer / repatriation of funds and monetary policies;
- currency fluctuations, high inflation and deteriorating economic conditions; and
- civil unrest and industrial action, personal security issues, disease outbreaks, and social and religious conflict.

The likelihood of any of these risks eventuating, and their possible effects, if any, cannot be determined by the Company with any clarity at the present time, but they may include disruption, increased costs and, in some cases, total inability to establish or to continue to operate its current and future oil and gas exploration, development and production activities.

Other jurisdictions

Jurisdictions in which the Group operates or might operate in the future may have less developed legal systems than more established economies which could result in risks such as:

- effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute, being more difficult to obtain;
- a higher degree of discretion on the part of governmental authorities;
- the lack of judicial or administrative guidance on interpreting applicable rules and regulations;
- inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- relative inexperience of the judiciary and courts in such matters.

In certain jurisdictions, the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to the Group's licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that production sharing agreements, joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

SECTION B: RISKS RELATING TO THE GROUP'S ACTIVITIES

General Exploration risk and permitting regulations

The future value of the Group is largely dependent on the success or otherwise of the Group's activities, which are directed towards the search, evaluation and development of oil and gas reserves. Exploration for and development of resources is speculative and involves a significant degree of risk, which even a combination of careful evaluation, experience and knowledge may not eliminate. There is no guarantee that exploration by the Group will lead to commercial discovery or, if there is such discovery, that the Group will be able to realise such reserves as intended.

The Group's operations are generally at an early stage of development and future success will depend on the Directors' ability to successfully manage the current Projects and to take advantage of further opportunities which may arise. There can be no guarantee that the Group can or will be able to, or that it will be commercially advantageous for the Group to, develop the Projects.

The Group's Projects have limited operating history, upon which to base estimates of future cash operating costs. For early stage projects, estimates of proven, probable and possible reserves and cash operating costs are, to a large extent, based upon the interpretation of geological data and feasibility studies which derive estimates of cash operating costs based upon anticipated recoveries, expected recovery rates, comparable facility and equipment operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual cash operating costs and economic returns may differ materially from those estimated.

The hydrocarbons deposits of any projects acquired, or invested in, by the Group may not contain economically recoverable volumes of minerals of sufficient quality and even if there are economically recoverable deposits, delays in the construction and commissioning of projects or other technical difficulties may make the deposits difficult to exploit. Furthermore, there is no assurance that exploration will lead to commercial discoveries or, if there is a commercial discovery, that such reserves will be realisable.

If at any stage the Group is precluded from pursuing its exploration or production programmes, or decides not to continue with any of these, this is likely to have an adverse effect on the value of investors' holdings. Moreover, if the Group does not meet its work and/or expenditure obligations under its existing or future permits, licences or production sharing agreements in which it has a participating interest this may lead to dilution of its interest in, or the loss of, such production sharing agreements, permits or licences. A loss of any of the Group's licences or permits may also result in the requirement to make payments for the uncompleted work programs.

Drilling and operating risk

Exploration and development activities may be delayed or adversely affected by factors outside the control of the Group. These include adverse climatic conditions, environmental hazards, the performance of joint venture or farm-in partners on whom the Group may be or may become reliant,

compliance with governmental requirements, unscheduled shutdowns or other drilling problems, labour disputes, shortage or delays in installing and commissioning plant and equipment or import or customs delays.

Problems may also arise due to the quality or failure of locally obtained equipment or interruptions to services (such as power, water, fuel or transport or processing capacity) or technical support which result in failure to achieve expected target dates for exploration or production and/or result in a requirement for greater expenditure.

Drilling may involve unprofitable efforts, not only with respect to dry wells, but also with respect to wells which, though yielding some oil or gas, are not sufficiently productive to justify commercial development or cover operating and other costs. Completion of a well does not ensure a profit on the investment or recovery of drilling, completion and operating costs.

The Company announced on 20 May 2015 that the second Nervesa appraisal well had reached total depth at 2,054 metres and that logging had also completed. Logging results confirm that mud log gas shows were recorded whilst drilling in the target reservoir zone within the Miocene San Dona Formation. The wireline logging has confirmed the presence of various gas bearing levels.

The Company is now proceeding to complete the well and to test the well thereafter, after which a further announcement will be made. It is not expected that such an announcement will be made before the last time for acceptances by Eligible Shareholders under the Open Offer. There can be no guarantee that this well will yield a positive result or that any gas extracted will be in commercial quantities.

Substantial operational risks are involved in seismic exploration and the drilling for, development of and production from oil and gas fields, including blow-outs, cratering, explosions, pollution, seepage or leaks, fire, earthquake activity, unusual or unexpected geological conditions and other hazards which may delay, or ultimately prevent, the exploitation of such fields or may result in cost overruns or substantial losses to the Group due to substantial environmental pollution or damage, personal injury or loss of life, clean up responsibilities, regulatory investigation and penalties or suspension of operations. Such hazards can also severely damage or destroy equipment, surrounding areas or property of third parties. Damage or loss occurring as a result of such risks may give rise to claims against the Group.

Hydrocarbon reserve and resource estimates

No assurance can be given that the hydrocarbon resources and reserves reported by the Group from time to time are present as estimated, that reserves will be recovered in the quantities and at the rates estimated or that they can be brought into profitable production. Hydrocarbon reserve and resource estimates may require revisions and/or changes (either up or down) based on additional technical data, new interpretations of data, actual production experience and in light of the prevailing market price of oil and gas. A decline in the market price for oil and gas could render reserves uneconomic to recover and may ultimately result in a reclassification of reserves as resources.

There are uncertainties inherent in estimating the quantity of reserves and resources and in projecting future rates of production, including factors beyond the Group's control. Estimating the amount of hydrocarbon reserves and resources is an interpretive process and, in addition, results of drilling, testing and production subsequent to the date of an estimate may result in material revisions to original estimates.

The hydrocarbon resources data historically reported by the Company are estimates only and should not be construed as representing exact quantities. The nature of quantification studies means that there can be no guarantee that estimates of quantities and quality of the resources disclosed will be available for extraction. Therefore, actual production, revenues, cash flows, royalties and development and operating expenditures may vary from these estimates. Such variances may be material. Estimates of resources as reported by the Company may be based upon production data, prices, costs, ownership, geophysical, geological and engineering data, and other information assembled by the Group (which it may not necessarily have produced itself). The estimates may prove to be incorrect and potential investors should not place reliance on the forward looking statements contained in such reports (including data that has been expressed to have been certified by the relevant competent persons or otherwise).

Hydrocarbon reserves and resources estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were reasonable when made may change significantly when new information from additional analysis and drilling becomes available. This may result in alterations to development and production plans which may, in turn, adversely affect operations.

If the assumptions upon which the estimates of the Group's hydrocarbon resources and reserves have been based prove to be incorrect, the Group (or the operator of an asset in which the Group has an interest) may be unable to recover and produce the estimated levels or quality of hydrocarbons and the Group's business, prospects, financial condition or results of operations could be materially and adversely affected.

Availability of drilling, exploration and production equipment

The availability of drilling rigs and other equipment and services is affected by the level and location of drilling activity around the world. An increase in drilling operations outside the current focus area of the Group or in other areas may reduce the availability of equipment and services to the Group. Similarly, the Group may have difficulty sourcing the exploration and production equipment it requires in the timeframe envisaged by the Group's plans due to high global demand for such equipment. The oil and gas industry has historically experienced periods of rapid cost increases. Increases in the cost of exploration and development would affect the Group's availability to invest in prospects and to purchase or hire equipment, supplies, services and personnel. The reduced availability of equipment and services may delay the Group's ability to exploit any reserves and adversely affect the Group's operations and profitability.

Corporate and regulatory formalities

The jurisdictions in which the Group may obtain interests, conduct operations and the steps involved in the Group acquiring its current interests involve or may involve the need to comply with numerous procedures and formalities. In some cases, failure to follow such formalities or obtain relevant evidence may call into question the validity of the entity or the actions taken.

Requirement for permits and licences

The operations of the Group require licences, permits and in some cases renewals of existing licences and permits from various governmental authorities. The Directors believe that the Group and/or its partners have the benefit of all necessary licences and permits to carry on the activities which the Group conducts or in which the Group has an interest under applicable laws and regulations and also believes that the Group is complying in all material respects with the terms of its licences and permits. However, the Group's ability to obtain, sustain or renew such licences and permits on acceptable terms are subject to change in regulations and policies and to the discretion of the applicable governments.

Ability to exploit successful discoveries

It may not always be possible for the Group to participate in the exploitation of successful discoveries made in areas in which the Group has an interest. Such exploitation may involve the need to obtain licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretion by such authorities. It may or may not be possible for such conditions to be satisfied. Furthermore, the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may not be the same as those of the Group. Such further work may also require the Group to meet or commit to financing obligations, which it may not have anticipated or may not be able to commit to due to lack of funds or inability to raise funds.

Environmental, health and safety and other regulatory standards

The projects in which the Group invests and its exploration and potential production activities are subject to various laws and regulations relating to the protection of the environment (including regular environmental impact assessments and the obtaining of appropriate permits or approvals by relevant environmental authorities) and are also required to comply with applicable health and safety and other regulatory standards. Environmental legislation in particular can, in certain jurisdictions, comprise numerous regulations which might conflict with one another and which cannot be consistently interpreted. Such regulations typically cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The Group may also be subject under such regulations to clean-up costs and liability

for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. As a result, although all necessary environmental consents for the Group's activities will be obtained and the Group intends to operate in accordance with applicable petroleum industry standards of environmental practice and comply in all material respects, full compliance with applicable environmental laws and regulations may not always be ensured.

Any failure to comply with relevant environmental, health and safety and other regulatory standards may subject the Group to extensive liability, fines and/or penalties and have an adverse effect on the business and operations, financial results or financial position of the Group. Furthermore, the future introduction or enactment of new laws, guidelines and regulations could serve to limit or curtail the growth and development of the Group's business or have an otherwise negative impact on its operations. Any changes to, and increases in, current regulations or legal requirements may have a material adverse effect upon the Group in terms of additional compliance costs.

Decommissioning and abandonment

Upon cessation of any operations on any of the Projects, the Group is responsible for costs associated with abandoning infrastructure and restoring the operational sites by taking reasonable and necessary steps in accordance with generally accepted environmental practices in the international petroleum industry.

Reliance on third parties

The Group and its partners regularly contract with third parties for equipment and services. The failure of a third party to perform its obligations adequately could subject the Group to additional costs and delays. In addition, failure of a subcontractor to pay for its equipment and services could adversely affect the Company's profitability. If a subcontractor fails to timely pay for equipment and services on time, the condition of the Group's operations may suffer, the Group's profitability could be adversely affected and certain aspects of the Group's business could be subject to liens. As a result, the project in question could incur excessive costs to prevent adverse effects on the Group's operations, to satisfy such liabilities or to discharge such liens.

Retention of key business relationships

The Group will rely significantly on strategic relationships with other entities, on good relationships with regulatory and governmental departments and upon third parties to provide essential contracting services. There can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed, and the Group could be adversely affected by changes to such relationships or difficulties in forming new ones. Any circumstance which causes the early termination or non-renewal of one or more of these key business alliances or contracts could adversely impact the Group, its business, operating results and prospects.

Market risk

In the event of successful development of oil and gas reserves, the marketing of the Group's prospective production of oil and gas from such reserves will be dependent on market fluctuations and the availability of processing and refining facilities and transportation infrastructure, including access to ports, shipping facilities, pipelines and pipeline capacity at economic tariff rates over which the Group may have limited or no control. Pipelines may be inadequately maintained and subject to capacity constraints and economic tariff rates may be increased with little or no notice and without taking into account producer concerns. The right to export oil and gas may depend on obtaining licences and quotas, the granting of which may be at the discretion of the relevant regulatory authorities. There may be delays in obtaining such licences and quotas leading to the income receivable by the Group being adversely affected, and it is possible that from time to time export licences may be refused.

Farm-out and joint venture partners

From time to time, the Group may enter into farm-out agreements to fund a portion of the exploration and development costs associated with its assets. In addition, other companies may operate some of the assets in which the Group has an ownership interest. Liquidity and cash flow problems encountered by the partners and co-owners of such assets and any non-compliance or disagreements by the partners and co-owners (including, without limitation, disputes as to funding required or otherwise) may lead to a delay in the pace of exploration, development or production programmes that may be detrimental to such programmes or may otherwise have adverse

consequences for the Group. In addition, any farm-out partners and working interest owners may be unwilling or unable to pay their share of the costs of projects as they become due. In the case of a farm-out partner, the Group may have to obtain alternative funding in order to complete the exploration and development of the assets subject to the farm-out agreement, or the interpretations by partners may differ, disputes may arise and outcomes including costs may vary from expectations. In the case of a working interest owner, the Group may be required to pay the working interest owner's share of the project costs in order to protect its interest in the asset. The Group cannot assure investors that it would be able to obtain the capital necessary in order to fund either of these contingencies. It is also possible that the interests of the Group and those of its joint venture partners (who may have other interests and who may prefer to dedicate their resources to other projects) are not aligned resulting in project delays or additional costs or losses.

Government approval may be required for farm-out transactions and negotiations with the government could delay exploration or development programmes or negatively impact the existing economics on a given Project.

Title matters

The Group has the right to explore its assets in Italy and, to the best of its knowledge, those rights are in good standing; however, this right is dependent on both the Group meeting its obligations under its contracts in relation to assets and the Group's partners meeting their obligations under their licences and/or contracts with the applicable governments or governmental authorities in relation to the Projects, and the failure of the Group or its their partners to perform their obligations could result in the applicable exploration and development licences and/or agreements being revoked or suspended. Furthermore, in any event, no assurance can be given that applicable governments will not revoke, or significantly alter the conditions of, the applicable exploration and development authorisations and that such exploration and development authorisations will not be challenged or impugned by third parties. There is no certainty that such rights or additional rights applied for or re-applied for will be granted or renewed on terms satisfactory to the Group. There can be no assurances that claims by third parties against the Group's assets or other rights will not be asserted at a future date.

The Group does not yet have any rights in relation to the Tendirara Licence, other than a 30 day period of exclusivity from OGIF from 11 May 2015 in relation to a potential farm in to the Tendirara Licence. There can be no certainty that such farm in will be concluded on favourable terms or at all.

Competition

The oil and gas industry is highly competitive and a number of other oil and gas companies operate, and are allowed to bid for, production sharing agreements in the regions in which the Group currently operates and may operate in the future, thereby providing competition to the Group. Larger companies, in particular, may have access to greater financial, technical and other resources than the Group which may give them a competitive advantage.

Market perception

Market perception of oil and gas exploration and development companies may change which could impact on the value of investors' holdings and impact on the ability of the Company to raise further funds through the issue of further Ordinary Shares in the Company.

Dependence on key personnel

The Group has a small management team and the loss of a key individual or the Group's inability to attract suitably qualified personnel in the future could affect the Group's business. Whilst the Company has entered into contractual arrangements with the Directors, and other key personnel, the retention of their services cannot be guaranteed. In addition, difficulties may also be experienced in certain jurisdictions in employing and retaining qualified personnel who are willing to work in such jurisdictions.

The future performance of the Group will to a significant extent be dependent on its ability to retain the services and personal connections or contacts of key executives and to attract, recruit, motivate and retain other suitably skilled, qualified and industry experienced personnel to form a high calibre management team. Such key executives are expected to play an important role in the development and growth of the Group, in particular by maintaining good business relationships with regulatory and governmental departments and essential contractors and suppliers.

Labour

Certain of the Group's operations may be carried out under potentially hazardous conditions. Whilst the Group intends to operate in accordance with relevant health and safety regulations and requirements, the Group remains susceptible to the possibility that liabilities might arise as a result of accidents or other workforce related misfortunes, some of which may be beyond the Group's control.

Shortage of labour or of skilled workers may cause delays or restrictions during exploration and development activities

Currency risk

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

The Company reports its results in British Pounds Sterling, although some of its costs and revenues may be denominated in other currencies. This may result in additions to the Company's reported costs or reductions in the Company's reported revenues.

Volatility in the price for oil and gas and the general economic climate

The general economic climate and market price of, and demand for, oil and gas is volatile and is affected by a variety of factors which are beyond the Group's control. These include international supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, growth in gross domestic product, supply and demand of capital, employment trends, international economic trends, currency exchange rate fluctuations, the level of interest rates and the rate of inflation, the cost of freight, global or regional political events and international events, as well as a range of other market forces. The aggregate effect of these factors is impossible to predict. Sustained downward movements in oil and gas prices could render less economic, or wholly uneconomic, some or all of the exploration and potential future oil and gas production related activities to be undertaken by the Group.

Oil prices across the world have declined significantly since the second half of 2014 due to a variety of factors and may continue to do so. This could have a negative impact on the Group's ability to move forward with a commercial development, especially if the international oil prices fall below the level required to deliver a commercially viable project.

Market conditions may affect the ultimate value of the Company's share price regardless of operating performance of the Group. The Company could be affected by unforeseen events outside of its control, including natural disasters, terrorist attacks or changes in Governmental legislation or policy.

SECTION C: GENERAL BUSINESS RISKS RELATING TO THE GROUP

Future funding requirements

The exploration for and production of oil and gas resources is a capital intensive business. The Group will need to raise additional funds in the future in order to fully develop the Projects. The Group will need to raise additional capital by way of the issue of further Ordinary Shares and/or by way of debt financing, or through other means, to finance its anticipated future operations, its working capital or capital expenditure requirements or to make acquisitions and finance its growth through future stages of development.

Additional equity issues may have a dilutive effect on the then prevailing Shareholders and investors if they are unable or choose not to subscribe for such additional Ordinary Shares and the issue of additional Ordinary Shares by the Company, or the possibility of such an issue, may cause the market price of the Ordinary Shares to decline.

Furthermore, any debt financing, if available, may include conditions that would restrict the Group's freedom to operate its business, such as conditions that:

- limit the Group's ability to pay dividends or require it to seek consent for the payment of dividends;
- increase the Group's vulnerability to general adverse economic and industry conditions;

- require the Group to dedicate a portion of any cash flow arising from future operations to payments on its debt, thereby reducing the availability of its cash flow to fund capital expenditures, working capital and other general corporate purposes; and
- limit the Group's flexibility in planning for, or reacting to, changes in its business and its industries.

There can be no guarantee or assurance that such debt funding or additional equity will be forthcoming when required, or as to the terms and price on which such funds would be available if at all. If the Group is unable to obtain additional financing as needed, or on terms which are acceptable, the scope of its operations may be reduced and, as a result, the Group may be unable to fulfil its long-term expansion programme. Failure to carry out minimum work obligations or generally to comply with undertakings in production sharing contracts, farm-in agreements or similar agreements in relation to exploration and production of fields could mean that the Group's rights to explore and produce are terminated and/or that compensation is due.

Insurance coverage and uninsured risks

The Group insures its operations in accordance with industry practice and plans to insure the risks it considers appropriate for the Group's needs and circumstances. However, the Group may elect not to have insurance for certain risks, due to the high premium costs associated with insuring those risks or for various other reasons, including an assessment that the risks are remote. The Company currently does not carry political risk insurance.

No assurance can be given that the Group will be able to obtain insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any claims arising. The Group may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past activities for which it was not responsible. In the event that insurance coverage is not available or the Group's insurance is insufficient to fully cover any losses, claims and/or liabilities incurred, the Group's business and operations, financial results or financial position may be disrupted and adversely affected.

The payment by the Group's insurers of any insurance claims may result in increases in the premiums payable by the Group for its insurance cover and adversely affect the Group's financial performance. In the future, some or all of the Group's insurance coverage may become unavailable or prohibitively expensive.

Taxation risk

Any change in the Group's tax status or the tax applicable to holding Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the Company's Ordinary Shares or the investments held by the Group, affect the Company's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this document concerning the taxation of the Company and its investors are based upon tax law and practice at the date of this document, which is subject to change.

Community

The Group's operations will rely not only on the support of the governments and relevant authorities in the countries in which it operates but also that of local communities. If expectations are not met at local level in relation to employment and benefits, which might include share ownership, support could be withdrawn, which could curtail the Group's operations.

Shareholder taxation

The tax consequences to each Shareholder of owning Ordinary Shares will depend, amongst other things, on tax laws in the jurisdiction in which that Shareholder is resident or domiciled. Prospective investors should consult their professional advisers on the possible tax consequences of subscribing for, buying, holding, selling or transferring Ordinary Shares under the laws of their country of citizenship, residence or domicile.

Litigation

While the Group currently has no material outstanding litigation or dispute (save as disclosed in this document), there can be no guarantee that the actions of the Group will not result in litigation and, without limitation as to the nature of any such potential claim, it is worth noting that there have been a number of cases where the rights and privileges of natural resource companies have been the

subject of litigation. The petroleum industry, as with all industries, may be subject to legal claims, both with and without merit, from time to time. The Directors cannot preclude that such litigation may be brought against the Group in the future. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material adverse effect on the Group's financial position, results or operations. The Group's business may be materially adversely affected if the Group and/or its employees or agents are found not to have met the appropriate standard of care or not exercised their discretion or authority in a prudent or appropriate manner in accordance with accepted standards.

SECTION D: RISKS RELATING TO THE ORDINARY SHARES AND THE OPEN OFFER WARRANTS

Share price volatility and liquidity

There can be no assurance that an active or liquid trading market for the Ordinary Shares will be available or maintained. AIM is a market designed primarily for emerging or smaller growing companies which carry a higher than normal financial risk and tend to experience lower levels of liquidity than larger companies. Accordingly, AIM may not provide the liquidity normally associated with the Official List or some other stock exchanges. The Ordinary Shares may therefore be difficult to sell compared to the shares of companies listed on the Official List and the share price may be subject to greater fluctuations than might otherwise be the case.

The Company is principally aiming to achieve capital growth and, therefore, Ordinary Shares may not be suitable as a short-term investment. Consequently, the share price may be subject to greater fluctuation on small volumes of shares traded, and thus the Ordinary Shares may be difficult to sell at a particular price. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. There can be no guarantee that the value of an investment in the Company will increase. Investors may therefore realise less than, or lose all of, their original investment.

The share prices of publicly quoted companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares may be influenced by a large number of factors, some of which are general or market specific, others which are sector specific and others which are specific to the Group and its operations. These factors include, without limitation, the performance of the Company and the overall stock market, large purchases or sales of Ordinary Shares by other investors, changes in legislation or regulations and changes in general economic, political or regulatory conditions and other factors which are outside of the control of the Company.

Shareholders may sell their Ordinary Shares in the future to realise their investment. Sales of substantial amounts of Ordinary Shares following Admission or the perception that such sales could occur, could materially adversely affect the market price of the Ordinary Shares available for sale compared to the demand to buy Ordinary Shares. Such sales may also make it more difficult for the Company to sell equity securities in the future at a time and price that is deemed appropriate. There can be no guarantee that the price of the Ordinary Shares will reflect their actual or potential market value or the underlying value of the Group's net assets and the price of the Ordinary Shares may decline below their current market price.

Investment risk

An investment in the Company is highly speculative, involves a considerable degree of risk and is suitable only for persons or entities which have substantial financial means and who can afford to hold their ownership interests for an indefinite amount of time. The value of an investment in the Company could, for a number of reasons, go up or down. There is also the possibility that the market value of an investment in the Company may not reflect the true underlying value of the Company or the Group.

Dividends

The dividend policy of the Company is dependent upon its financial condition, cash requirements, future Prospects, profits available for distribution and other factors deemed to be relevant at the time and on the continued health of the markets in which it operates. As a matter of English law, the Company can pay dividends only to the extent that it has distributable reserves available which, as

the Company is a group holding company is dependent on the Company's ability to receive funds for such purposes, directly or indirectly, from operating subsidiaries in a manner which creates distributable reserves for the Company. The Company's ability to pay dividends to shareholders is therefore a function of existing Group distributable reserves, future Group profitability, the ability to distribute or dividend profits from subsidiaries up the Group structure to the Company and other factors that the Directors deem significant from time to time, such as capital requirements and general economic conditions. There can be no guarantee that the Company will pay dividends in the foreseeable future.

Open Offer Warrants

It is intended that the Open Offer Warrants will be listed on the third market of the Vienna Stock Exchange as soon as practicable after Admission. The Open Offer Warrants will not be admitted to trading on AIM. The Open Offer Warrants are expected to be issued in certificated form for Eligible Non-CREST Shareholders and uncertificated form for Eligible CREST Shareholders. The Company is investigating how best to enable the Open Offer Warrants to be settled as part of the process for listing on the Vienna Stock Exchange. There can be no guarantee on the timing for listing of the Open Offer Warrants or that the Open Offer Warrants will be listed on the Vienna Stock Exchange or any other stock market at all, nor that they will be enabled for uncertificated settlement.

There can be no assurance that an active or liquid trading market for the Open Offer Warrants will be available or maintained. The Vienna Stock Exchange or any other stock exchange on which the Open Offer Warrants may be listed may not provide the liquidity normally associated with the Official List or some other stock exchanges and may be less liquid than AIM. The Open Offer Warrants may therefore be difficult to sell compared to other securities, including the Company's Ordinary Shares.

Limited regulatory control

Shareholders of the Company will not enjoy protection or rights other than those reflected in the Articles or those conferred by law. Although the Directors recognise the importance of good corporate governance, neither the Listing Rules of the United Kingdom Listing Authority nor the UK Corporate Governance Code apply to the Company.

Forward looking statements

This document contains "forward-looking statements" which includes all statements other than statements of historical fact including, without limitation those regarding the Company's financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "might", "anticipates", "would", "could" or similar expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules.

PART IV
ADDITIONAL INFORMATION

1. Responsibility

- 1.1 The Company, whose registered office appears on page 4 of this document and the Directors, whose names also appear on page 4 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company, the Directors (each of whom has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

2. Share Capital

- 2.1 The following table shows the issued share capital of the Company as at the date of this document and at Admission (assuming full subscription for the Open Offer and issue of the Placing Shares):

	<i>Issued Ordinary Shares</i>		
	£	Number	Nominal value (£)
Date of this document	£4,672,070.65	467,207,065	0.01
Admission	£4,854,434.59*	485,443,459*	0.01

**assuming the issue of the maximum number of Open Offer Shares.*

3. Articles of Association

- 3.1 A copy of the Articles of Association can be located at the Company's website www.soundoil.co.uk. Hard copies of the Articles of Association can be obtained from the company secretary by telephoning 020 7580 6075.

4. Directors' Shareholdings

- 4.1 As at 20 May 2015, being the last practicable date prior to publication of this document, the interests of the Directors and persons connected with them (within the meaning of sections 252 to 257 of the Act) in the issued share capital of the Company (all of which, unless otherwise stated, are beneficial) were as follows:

<i>Name of Directors</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Existing Ordinary Shares</i>
Simon Davies	10,000,000	2.14%
James Parsons	1,044,603	0.22%
Luca Madeddu	961,947	0.21%
Marco Fumagalli	73,111,907*	15.65%*
Andrew Hockey	76,470	0.02%
Gerry Orbell	1,304,466	0.28%

**including 73,111,907 Ordinary Shares held by Continental and its affiliates. Marco Fumagalli is Managing Partner of, and a 25 per cent. shareholder in, Continental.*

- 4.2 As at 20 May 2015, being the last practicable date prior to the publication of this document, the Company had a total of 15,698,886 options over Ordinary Shares with a volume weighted average exercise price of 11.20 pence per Ordinary Share. The directors listed below held the following options over Ordinary Shares.

<i>Name of Director</i>	<i>Date of grant</i>	<i>Number of options</i>	<i>Exercise period</i>	<i>Exercise price</i>
James Parsons	05.09.2011	110,000	05.09.2012 to 04.09.2016	21.75p
	05.09.2011	110,000	05.09.2013 to 04.09.2016	21.75p
	05.09.2011	110,000	05.09.2014 to 04.09.2016	21.75p
	01.03.2012	150,000	01.03.2013 to 28.02.2018	25.00p
	01.03.2012	150,000	01.03.2014 to 28.02.2018	25.00p
	01.03.2012	150,000	01.03.2015 to 28.02.2018	25.00p
	26.10.2012	333,333	26.10.2012 to 25.10.2016	16.50p
	26.10.2012	333,333	26.10.2013 to 25.10.2016	16.50p
	26.10.2012	333,334	26.10.2014 to 25.10.2016	16.50p
	06.02.2014	1,333,333	01.01.2015 to 31.12.2017	6.50p
	19.06.2014	3,350,000	29.07.2017 to 29.07.2019	8.00p
Luca Madeddu	01.03.2012	150000	01.03.2013 to 28.02.2018	25.00p
	01.03.2012	150000	01.03.2014 to 28.02.2018	25.00p
	01.03.2012	150000	01.03.2015 to 28.02.2018	25.00p
	02.04.2012	110000	02.01.2013 to 01.01.2017	16.50p
	02.04.2012	110000	02.01.2014 to 01.01.2017	16.50p
	02.04.2012	110000	02.01.2015 to 01.01.2017	16.50p
	26.09.2013	444,444	27.09.2014 to 26.09.2018	12.15p
	26.09.2013	444,444	27.09.2015 to 26.09.2018	12.15p
	26.09.2013	444,445	27.09.2016 to 26.09.2018	12.15p
	06.02.2014	166,666	01.01.2015 to 31.12.2017	6.50p
19.06.2014	2,450,000	29.07.2017 to 29.07.2019	8.00p	
Andrew Hockey	24.05.2011	100,000	01.04.2011 to 31.03.2016	49.50p
	26.10.2012	100,000	26.10.2012 to 25.10.2016	16.50p
	26.10.2012	100,000	26.10.2013 to 25.10.2016	16.50p
	26.10.2012	100,000	26.10.2014 to 25.10.2016	16.50p

- 4.3 As at 20 May 2015, being the last practicable date prior to the publication of this document, and in addition to the options to subscribe for new Ordinary Shares in the Company described at paragraph 4.2 above, the Company had a total of 124,923,076 transferable warrants to subscribe for new Ordinary Shares in the Company at a weighted average exercise price of 15.63 pence per new Ordinary Share in issue. The directors listed below held the following interests in warrants to subscribe for new Ordinary Shares:

<i>Name of Director</i>	<i>Number of warrants</i>	<i>Expiry date</i>	<i>Exercise price</i>
Simon Davies	9,615,385	28.07.2017	10.40p
Marco Fumagalli	29,568,422*	22.05.2020	24.0p

*including 29,568,422 warrants held by Continental and its affiliates.

- 4.4 None of the Directors or any member of their respective families (as defined in the AIM Rules) has a related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares.
- 4.5 Save as disclosed in this paragraph 4 of this Part IV, none of the Directors nor any person connected with them, has any interest in the share capital of the Company or of any of its subsidiary or associated undertakings or any rights to subscribe for or to convert any security into Ordinary Shares.
- 4.6 Save as disclosed in this paragraph 4 of this Part IV, and since 1 January 2015 (being the date of the commencement of the current financial year of the Company) no options over Ordinary Shares have been issued to any Directors or persons connected with them.

5. United Kingdom Taxation

The following information is intended only as a general guide to current UK tax legislation and to what is understood to be the current practice of HMRC and may not apply to certain classes of shareholders, such as dealers in securities, or to shareholders who are not absolute beneficial owners of their Ordinary Shares. Any person who is in any doubt as to their tax position, or is subject to tax in any jurisdiction other than the UK, should consult their professional adviser without delay.

5.1 Dividends

Under current UK tax legislation, no tax is withheld from dividends paid by the Company.

UK tax resident individual shareholders will be entitled to a tax credit in respect of any dividend received equal to one-ninth of the amount of the dividend. Liability to UK income tax is calculated on the sum of the dividend and the tax credit. The tax credit will satisfy a UK tax resident individual shareholder's basic rate (but not higher rate and the additional rate) income tax liability in respect of the dividend.

UK tax resident individual shareholders who are subject to income tax at the higher rate and the additional rate will have to account for additional income tax. The special rate of income tax set for higher rate tax payers who receive dividends is 32.5 per cent. and for the additional rate taxpayers is 37.5 per cent. After taking account of the one-ninth tax credit, higher rate tax payers would have to account for additional income tax of 25.0 per cent. on the actual amount of the cash dividend received, and additional rate taxpayers 30.6 per cent.

In determining what tax rates apply to a UK tax resident individual shareholder, dividend income is treated as the top slice of income.

A shareholder who is not liable to income tax on the dividend (or any part of it) is not able to claim repayment of the tax credit (or part of it) in cash from HMRC.

A UK resident corporate shareholder (including authorised unit trusts and open ended investment companies) and pension funds will generally not be liable to UK corporation tax on any dividend received and will not be entitled to payment in cash of a tax credit.

Shareholders not resident (for tax purposes) in the UK are generally not taxed in the UK on dividends received by them but may be subject to foreign tax on the dividend received. The entitlement of such shareholders to claim repayment of any part of a tax credit will depend, in general, on the existence and terms of any double tax convention between the UK and the country in which the shareholder is resident. Shareholders who are not resident in the UK should consult their own tax advisers on the possible applicability of such provisions, the procedure for claiming repayment and what relief or credit may be claimed in respect of such tax credit in the jurisdiction in which they are resident.

5.2 UK taxation of chargeable gains

For the purposes of UK taxation of chargeable gains, the issue of Open Offer Shares will be regarded as an acquisition of a new holding in the share capital of the Company.

The Open Offer Shares so issued will, for the purposes of taxation on chargeable gains, be treated as acquired on the date of issue. The amount paid for the Open Offer Shares will constitute the base cost of a shareholder's holding.

If a shareholder disposes of all or part of their Ordinary Shares, a liability to taxation on chargeable gains may, depending on their circumstances, arise.

Companies may be entitled to an indexation allowance which may reduce any chargeable gain but not increase an allowable loss.

5.3 Inheritance tax

For the purposes of UK Inheritance Tax, the Open Offer Shares will constitute property situated in the UK. Individuals and trustees, wherever resident, may be liable to inheritance tax in respect of shares gifted during the lifetime or on the death of an individual and on certain other occasions in relation to settled property. 100 per cent. business property relief may be available subject to satisfying the statutory conditions.

5.4 *Stamp duty and stamp duty reserve tax*

No liability to stamp duty or stamp duty reserve tax will arise on the issue of the Open Offer Shares. In limited circumstances a subsequent charge may arise where the shares are issued to an EU clearance service and subsequently transferred to a clearance service or to a depositary receipt service. The Company will not be responsible for payment of stamp duty or stamp duty reserve tax in any such case.

5.5 *Capital Gains Tax*

Pursuant to the restrictions described in paragraph 8 of Part II (Overseas Shareholders), shareholders in certain territories may not receive an allocation under the Open Offer. In that event, the Open Offer will not constitute a reorganisation of the share capital of the Company for the purposes of UK taxation of chargeable gains (“CGT”). Instead, shareholders that are resident for tax purposes in the UK are treated as acquiring new shares in the Company when they subscribe for Open Offer Shares. Shareholders may be regarded as having made a part disposal of their existing shareholding when they subscribe for shares under the Open Offer. There is no disposal of Existing Ordinary Shares. For a corporate shareholder, the new shares should be pooled with their existing shares provided the shares are of the same class. For an individual shareholder, the new shares are subject to the share identification rules on a future disposal.

In the event that the issue of new shares to existing shareholders who subscribe for shares under the Open Offer can in practice be regarded as a reorganisation of the share capital of the Company, then an existing shareholder’s subscription for shares which is equal to or less than the shareholder’s minimum entitlement (based on their existing shareholding) should not be treated as a part disposal of the shareholder’s Existing Ordinary Shares and no liability to CGT should arise. Instead, the Open Offer Shares acquired and the Existing Ordinary Shares in respect of which they are issued will, for CGT purposes, be treated as the same asset and as having been acquired at the same time as the Existing Ordinary Shares. The amount paid for the Open Offer Shares will be added to the base cost of the Existing Ordinary Shares when computing any gain or loss on any subsequent disposal but, for the purposes of calculating the indexation allowance (in the case of corporate shareholders) on a subsequent disposal of Ordinary Shares, the amount paid will generally be taken into account only from the time that the payment was made. In the case of non-corporate shareholders, indexation allowance is not available.

6. General

- 6.1 The total expenses of or incidental to the Open Offer which are payable by the Company are estimated to amount to approximately £90,000. The net proceeds of the Open Offer are expected to be £3.37 million (assuming the maximum number of Open Offer Shares are allotted pursuant to the Open Offer).

7. Availability of this document

Copies of this document will be available for inspection at the offices of Watson Farley & Williams LLP at 15 Appold Street, London, EC2A 2HB during normal business hours on any day (Saturdays, Sundays and public holidays excepted) for a period of one month from the date of publication.

This document will also be available for a period of twelve months from the date of this document on the Company’s website www.soundoil.co.uk free of charge in accordance with the requirements of Rule 26 of the AIM Rules.

Dated: 21 May 2015

DEFINITIONS

The following definitions apply throughout this document, except where the context requires otherwise:

“Admission”	the admission of the Open Offer 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 for AIM Companies as issued by the London Stock Exchange from time to time governing, <i>inter alia</i> , the admission of securities to AIM
“Apennine Energy”	Apennine Energy S.p.a, a company incorporated in Italy with registered number 79353, which is a wholly owned subsidiary of Consul
“Apennine Oil and Gas”	Apennine Oil and Gas S.p.a unipersonale, a company incorporated in Italy with registered number 79353, which is a wholly-owned subsidiary of Apennine Energy S.p.a
“Application Form”	the application form which accompanies this document on which Eligible Non-CREST Shareholders may apply for Open Offer Shares under the Open Offer
“Articles”	the articles of association of the Company
“Board” or “Directors”	the board of directors of the Company, whose names are set out on page 4 of this document
“Business Day”	any day (excluding Saturdays, Sundays and public holidays) on which banks are open in the City of London for the conduct of normal banking business
“Capita Asset Services”	a trading name of Capita Registrars Limited
“certificated” or “certificated form”	not in uncertificated form
“CGG CPR”	the independent competent persons report prepared by CGG Services (UK) Limited dated 1 April 2015 on the Group’s portfolio, excluding Badile, Zibido and Casa Tiberi
“Company” or “Sound Oil”	Sound Oil plc, a company incorporated in England & Wales with registered number 05344804, whose registered office is at Third Floor, 55 Gower Street, London WC1E 6HQ
“Continental”	Continental Investment Partners SA, which together with its affiliates, holds 15.65 per cent. of the Company’s Existing Ordinary Shares as at the date of this document
“Consul”	Consul Oil & Gas Limited, a company incorporated in England & Wales with registered number 5811564 whose registered office is at Third Floor, 55 Gower Street, London WC1E 6HQ and which is a wholly-owned subsidiary of the Company
“Companies Act” or “Act”	Companies Act 2006 (as amended)
“CREST”	the relevant system for the paperless settlement of trades and the holding of uncertificated securities (as defined in the Regulations) in respect of which Euroclear UK & Ireland Limited is the operator (as defined in the Regulations)
“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear as amended from time to time)

“CREST member”	a person who has been admitted by Euroclear as a system-member (as defined in the Regulations)
“CREST participant”	a person who is, in relation to CREST, a system-participant (as defined in the Regulations)
“CREST payment”	shall have the meaning given in the CREST Manual issued by Euroclear
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member
“EIA”	environmental impact assessment
“Eligible CREST Shareholders”	Eligible Shareholders holding Ordinary Shares in uncertificated form
“Eligible Non-CREST Shareholders”	Eligible Shareholders holding Ordinary Shares in certificated form
“Eligible Shareholders”	holders of Existing Ordinary Shares on the register of members of the Company on the Record Date and who are resident in the United Kingdom and otherwise eligible to be offered Open Offer Shares under the Open Offer in accordance with the terms and conditions set out in this document and, where relevant, in the Application Form
“Enlarged Share Capital”	the issued ordinary share capital of the Company comprising the Existing Ordinary Shares and the Open Offer Shares
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“Ex-date”	8.00 a.m. on 18 May 2015 in respect of the entitlements of Eligible Shareholders under the Open Offer
“Excess Application Facility”	the arrangement pursuant to which Eligible Shareholders may apply for Open Offer Shares in excess of their Open Offer Entitlements subject to the terms and conditions of the Open Offer as set out in Part II of this document
“Excess CREST Open Offer Entitlements”	in respect of each Eligible CREST Shareholder, the entitlement to apply for Open Offer Shares in addition to his Open Offer Entitlement credited to his stock account in CREST, pursuant to the Excess Application Facility which is conditional on him taking up his Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this document
“Excess Open Offer Entitlement”	an entitlement for each Eligible Shareholder to apply to subscribe for Open Offer Shares in addition to his Open Offer Entitlement pursuant to the Excess Application Facility which is conditional on him taking up his Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this document
“Excess Shares”	any Open Offer Shares in addition to the Open Offer Entitlement for which Eligible Shareholders may apply under the Excess Application Facility
“Existing Ordinary Shares”	the 467,207,065 Ordinary Shares in issue at the date of this document
“FCA”	Financial Conduct Authority
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“First Tranche Placing Shares”	the 48,000,000 Placing Shares issued pursuant to the Placing
“First Tranche Placing Warrants”	the 48,000,000 Placing Warrants issued pursuant to the Placing
“Form of Proxy”	the form of proxy for the General Meeting

“General Meeting”	the general meeting of the Company to be held at 12 noon on 8 June 2015 at the offices of Smith & Williamson at 25 Moorgate, London EC2R 6AY
“Group”	the Company and its subsidiaries as at the date of this document
“HMRC”	HM Revenue & Customs
“Issue Price”	19.0 pence per Open Offer Share
“London Stock Exchange”	London Stock Exchange plc
“Official List”	the Official List of the United Kingdom Listing Authority
“Metano”	Metano Capital SA, a wholly owned subsidiary of Continental
“OGIF”	Moroccan Oil and Gas Investment Fund
“ONYHM”	the Moroccan National Office of Hydrocarbons and Mines, the Moroccan national hydrocarbon and mineral company
“Open Offer Entitlement”	an Eligible Shareholder’s <i>pro rata</i> entitlement to apply to subscribe for 1 Open Offer Share for every 23 Existing Ordinary Shares held by them at the Record Date pursuant to the Open Offer
“Open Offer”	the invitation to Eligible Shareholders to subscribe for Open Offer Shares at the Issue Price on the terms and subject to the conditions set out in this document and, where relevant, the Application Form
“Open Offer Shares”	the up to 18,226,394 Ordinary Shares which are to be made available for subscription by Eligible Shareholders
“Open Offer Warrants”	the detachable warrants to subscribe for new Ordinary Shares at a price of 24.0 pence per new Ordinary Share for a period of 5 years from the date of admission of the First Tranche Placing Shares to trading on AIM on 22 May 2015
“Ordinary Shares”	the ordinary shares of 1p each in the capital of the Company
“Overseas Shareholder”	a Shareholder who is resident, or who is a citizen of, or who has a registered address in a jurisdiction outside the United Kingdom
“Placees”	the subscribers for the Placing Shares under the Placing
“Placing”	the placing to raise a total of £12.0 million through the issue of the Placing Shares at the Placing Price in two tranches
“Placing Shares”	the 63,157,895 new Ordinary Shares issued, or to be issued, at the Placing Price pursuant to the Placing in two tranches of 48,000,000 new Ordinary Shares and 15,157,895 new Ordinary Shares respectively
“Placing Warrants”	the 63,157,895 warrants to subscribe for new Ordinary Shares at a price of 24 pence per new Ordinary Share at any time until the fifth anniversary of admission of the First Tranche Placing Shares to trading on AIM on 22 May 2015, issued, or to be issued, in two tranches of 48,000,000 warrants and 15,157,895 warrants respectively
“Projects”	licences, permits, concessions and applications in which the Group has, or pursuant to which would be awarded, a working interest
“Record Date”	5.00 p.m. on 15 May 2015 in respect of the entitlements of Eligible Shareholders under the Open Offer
“Registrar”, “Receiving Agent” or “Capita Registrars”	Capita Registrars Limited
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) as amended
“Regulation S”	Regulation S under the Securities Act

“Resolutions”	the resolutions set out in the notice of meeting accompanying this document, and reference to a resolution number shall mean the resolution with that number in that notice
“Restricted Jurisdictions”	any jurisdiction or territory outside the UK
“RIS”	regulatory information service
“Second Tranche Placing Shares”	the 15,157,895 Placing Shares, the issue of which remains subject to Shareholder approval of the Resolutions
“Second Tranche Placing Warrants”	the 15,157,895 Placing Warrants, the issue and exercise of which remains subject to Shareholder approval of the Resolutions
“Securities Act”	US Securities Act of 1933, as amended
“Shareholders”	holders of Ordinary Shares
“Smith & Williamson”	Smith & Williamson Corporate Finance Limited
“Stock account”	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited
“Tendrara Licence”	the Tendrara licence area covering eight blocks across a total of 14,500 square kilometres in the North East of Morocco
“TIDM”	tradeable instrument display mnemonic
“uncertificated” or “uncertificated form”	held in uncertificated form in CREST
“2010 CPR”	the independent competent persons report prepared by Fugro Robertson Limited dated 28 July 2010
“2013 CPR”	the independent competent persons report dated 8 October 2013 prepared by ERC Equipoise Limited

GLOSSARY OF TECHNICAL TERMS

1C/2C/3C	contingent resource categories equivalent to low/best/high estimates (corresponding to proved, probable and possible categories of reserve estimates)
Bar	a non-SI unit of pressure equal to 100,000 Pa (pascal)
bopd	barrels of oil per day
Bscf	billion standard cubic feet of gas
Bscfe	billion standard cubic feet gas equivalent
MMbbl	million barrels
MMscfd	million standard cubic feet of gas per day
MMscm	million standard cubic metres of gas
Mscf	thousand standard cubic feet of gas
NPV10	NPV10 refers to net present value at a discount rate of 10 per cent.
P50/best estimate	probabilistic estimate of resources equivalent to the most likely or best estimate
psi	per square inch
Scm	standard cubic metre
Scmd	standard cubic metres per day
Tscf	trillion standard cubic feet of gas

SCHEDULE 1

Each Eligible Shareholder applying for Open Offer Shares represents, warrants, covenants, agrees and acknowledges as set out in this Schedule 1:

1. the Company and others will rely upon its representations, warranties, covenants, agreements and acknowledgements set forth herein, and it agrees to notify the Company promptly in writing if any of its representations, warranties, covenants, agreements or acknowledgements ceases to be accurate and complete;
2. it has read and understood and accepted the terms and conditions of the Open Offer contained in this document and its application for Open Offer Shares shall be on and subject to the terms and conditions of this document and, if it is an Eligible Non-CREST Shareholder, the Application Form;
3. it agrees that all applications, and contracts resulting therefrom, under the Open Offer or in connection therewith shall be governed by, and construed in accordance with, the laws of England;
4. it is an Eligible Shareholder originally entitled to the Open Offer Entitlements and Excess Open Offer Entitlements, or if it has received some or all of its Open Offer Entitlements and Excess Open Offer Entitlements from a person other than the Company, it is entitled to apply under the Open Offer in relation to such Open Offer Entitlements and Excess Open Offer Entitlements by virtue of a *bona fide* market claim;
5. it may lawfully acquire the Open Offer Shares to be subscribed by it pursuant to the Open Offer (including the Excess Application Facility) and has the capacity and authority and is entitled to enter into and perform its obligations as a subscriber for Open Offer Shares and will honour such obligations;
6. it agrees that its obligations under this schedule shall not be capable of rescission or termination by it in any circumstance;
7. in agreeing to acquire the Open Offer Shares, it is relying on the information contained in this document and it is not relying on any other information given or representation, warranty, undertaking, agreement or statement made at any time by the Company or any of its officers, directors, agents, employees or advisers, or any other person in relation to the Company or its subsidiary undertakings, the Open Offer or the Open Offer Shares to be issued pursuant to the Open Offer, and neither the Company nor any other person will be liable for any Eligible Shareholder's decision to participate in the Open Offer based on any other information, representation, warranty, undertaking, agreement or statement which Eligible Shareholders may have obtained or received. In addition, it has neither received nor relied on any confidential price sensitive information. Nothing in this paragraph shall exclude the liability of any person for fraud;
8. it is entitled to acquire the Open Offer Shares under the terms of the Open Offer and the laws of all relevant jurisdictions which apply to it (the "**Applicable Securities Laws**") and it has fully observed such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has not taken any action or omitted to take any action which will or may result in the Company or any of its respective officers, directors, agents, employees or advisers acting in breach of any law or regulatory requirement of any territory or jurisdiction in connection with the Open Offer or its entitlement;
9. it is not, nor is it applying on behalf of any person who is, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction except where proof satisfactory to the Company has been provided to the Company that the Eligible Shareholder is able to accept the invitation by the Company pursuant to an applicable exemption and free of any requirement which the Company (in its absolute discretion) regards as unduly burdensome and the Eligible Shareholder is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction (except where proof satisfactory to the Company has been provided to the Company that the Eligible Shareholder is able to accept the invitation by the Company pursuant to an applicable exemption and free of any requirement which the

Company (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor such person otherwise prevented by legal or regulatory restrictions from applying for the Open Offer Shares under the Open Offer;

10. it irrevocably appoints any director of the Company as its agent for the purpose of executing and delivering to the Company and/or the Registrars any documents on its behalf necessary to enable it to be registered as the holder of the Open Offer Shares;
11. it is not, and nor is it applying for the Open Offer Shares as nominee or agent for, a person who is or may be liable to notify and account for stamp duty or stamp duty reserve tax at any of the increased rates referred to in sections 67 to 72 inclusive and sections 93 to 97A inclusive of the Finance Act 1986 (Depositary Receipts and Clearance Services) and, in the event of any breach of this warranty, it agrees that the Company will not have any liability to it or other persons in respect of such duty or tax;
12. the Applicable Securities Laws do not require the Company to make any filings or seek any approvals of any kind whatsoever from any regulatory authority of any kind in connection with the Open Offer in the jurisdiction in which it is resident;
13. the purchase by it of Open Offer Shares does not trigger in the jurisdiction in which it is resident: (a) any obligation to prepare or file a prospectus or similar document or any other report with respect to such purchase; or (b) any disclosure reporting obligation of the Company; or (c) any registration or other obligation on the part of the Company; or (d) the requirement for the Company to take any other action;
14. its application for Open Offer Shares under the Open Offer will not result in it and/or persons acting in concert with it obtaining an interest in greater than 29.9 per cent. of the total number of Ordinary Shares in issue following the Open Offer;
15. it and any person acting on its behalf is aware of the obligations in connection with money laundering under the Money Laundering Regulations to the extent applicable to it and, if it is making payment on behalf of a third party, it has obtained and recorded satisfactory evidence to verify the identity of the third party as required by the Money Laundering Regulations;
16. it agrees to be bound by the terms of the Memorandum of Association and Articles of Association of the Company in force immediately following Admission;
17. it will not deal or cause or permit any other person to deal in all or any of the Open Offer Shares unless and until Admission becomes effective;
18. the Company is relying on one or more exemptions from the registration requirements of the Securities Act and, as a consequence of acquiring the Open Offer Shares pursuant to such exemption(s), certain protections, rights and remedies provided by applicable securities laws will not be available to it, including an obligation on the Company to provide it with a prospectus or other disclosure document, and, save for this document, no offer document, admission document or prospectus has been, or is required to be, prepared in connection with the Open Offer;
19. it has not received a prospectus or admission document or, save for this document, other offering document in connection with the Open Offer, and no United States federal or state agency or any other government or governmental agency has passed on or made any recommendation or endorsement of the Open Offer Shares or the fairness or suitability of the investment in the Open Offer Shares nor have such authorities passed upon or endorsed the merits of the offering of the Open Offer Shares;
20. it acknowledges that the Existing 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 rules of AIM (the “**Exchange Information**”), and that it is able to obtain or access the Exchange Information without undue difficulty;
20. neither the Company nor any person acting on its behalf nor any of its affiliates nor any of their respective directors, officers, employees, agents, partners or professional advisers has or shall have any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement contained in the Exchange Information, any other information made available by or on behalf of the Company or made publicly available by the

Company on its website, by press release, by public filing or otherwise or any other information, provided that nothing in this paragraph excludes the liability of any person for fraud made by that person;

21. if it is acquiring any Open Offer Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, covenants, agreements and acknowledgements on behalf of each such account;
22. it acknowledges that neither the Open Offer Shares or the Open Offer Entitlements or the Excess Open Offer Entitlements have been nor will they be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;
23. it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document (or any part thereof) to or within the United States or any other Restricted Jurisdiction nor will it do any of the foregoing;
24. it is purchasing the Open Offer Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Open Offer Shares in any manner that would violate the Securities Act, or any other applicable securities laws, and it does not have a present arrangement to effect any distribution of the Open Offer Shares to or through any person or entity;
29. it is not acquiring any the Open Offer Shares for resale in the United States and it has not and will not deliver or forward any advertisement or other offering material in relation to the Open Offer Shares in or into the United States;
30. it will indemnify and hold the Company and its affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, agreements and covenants in this document. All representations, warranties, agreements and covenants given by it in this document are given to the Company and will survive completion of the Open Offer;
31. it is acquiring the Open Offer Shares in an offshore transaction meeting the requirements of Regulation S under the Securities Act;
32. at the time it received the offer to purchase the Open Offer Shares it was not in the United States;
33. it (i) understands and acknowledges that the offering and sale of the Open Offer Shares are not being, and will not be, made, directly or indirectly, in or into, or by the use of the mails or any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facilities of a national securities exchange of, the United States; and (ii) acknowledges that no Application Form, where appropriate, will be accepted by any such use, means, instrumentality or facility or from within the United States, and doing so may render such Application Form invalid;
34. its receipt and execution of the Application Form, where appropriate, each occurred outside the United States; and
35. it is not acquiring the Open Offer Shares as a result of or due to, and will not engage in, any “directed selling efforts” (as defined in Regulation S under the Securities Act) in the United States in respect of the Open Offer Shares, which would include any activities undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the resale of the Open Offer Shares, including placing an advertisement in a publication with a general circulation in the United States, nor has it seen or been aware of any activity that, to its knowledge, constitutes directed selling efforts in the United States.

SOUND OIL PLC

(Incorporated and registered in England and Wales with registered number 05344804)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT a general meeting of Sound Oil plc (the “**Company**”) will be held at the offices of Smith & Williamson at 25 Moorgate, London EC2R 6AY on 8 June 2015 at 12 noon (the “**Meeting**”) to transact the following business:

To consider and, if thought fit, pass the resolutions set out below, of which resolution 1 will be proposed as an ordinary resolution and resolution 2 will be proposed as a special resolution:

SPECIAL BUSINESS

THAT:

1. The directors of the Company (the “**Directors**”) be and are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the “**Act**”) to allot equity securities (within the meaning of Section 560 of the Act) up to an aggregate nominal amount of £1,267,001. The authority referred to in this resolution shall be in substitution for all other existing authorities, and shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the next Annual General Meeting of the Company. The Company may, at any time prior to the expiry of the authority, make an offer or agreement which would or might require equity securities to be allotted after the expiry of the authority and the Directors are hereby authorised to allot equity securities in pursuance of such offer or agreement as if the authority had not expired.
2. Conditional on the passing of Resolution 1, the Directors, pursuant to Section 570 of the Act, be and are hereby empowered to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 1 as if Section 561(1) of the Act did not apply to any such allotment provided that this power shall be limited to:
 - (a) the allotment of equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to the holders of ordinary shares in the capital of the Company in proportion (as nearly as may be) to their holdings of such ordinary shares but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with equity securities representing fractional entitlements and with legal or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in, any territory; and
 - (b) the allotment, other than pursuant to (a) above, of equity securities up to an aggregate nominal value of £1,267,001,

and this power shall, unless previously renewed, varied or revoked by special resolution of the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company. The Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors are hereby empowered to allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.

By Order of the Board
Simon Davies
Chairman

Registered Office:
Third Floor
55 Gower Street
London
WC1E 6HQ

Dated 21 May 2015

Notes:

- 1 As a holder of ordinary shares in the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. A proxy need not be a member of the Company.
- 2 In the case of joint holders, the vote of the person first named in the register of members tendering a vote will be accepted to the exclusion of the votes of the other joint holders.
- 3 In the case of a corporation, the form of proxy must be expressed to be executed by the corporation and must be executed under its common seal, or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.
- 4 To be valid, the form of proxy and any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority must be deposited with Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4TU in accordance with the instructions printed thereon so as to be received not less than 48 hours (excluding any part of the day that is not a business day) before the time of the meeting or any adjournment thereof, alternatively you may submit your proxy electronically using The Share Portal service at www.capitashareportal.com, which must be received not less than 48 hours (excluding any part of the day that is not a business day) before the time of the meeting, or any adjournment thereof.
- 5 The completion and return of a proxy card will not affect the right of a member to attend, speak and vote in person at the meeting convened by this notice, however, if you have appointed a proxy and attend the meeting in person, your proxy will automatically be terminated.
- 6 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
- 7 If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
- 8 To direct your proxy how to vote on the resolutions mark the appropriate box with an “X”. To abstain from voting on a resolution, select the relevant “withheld” box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
- 9 Pursuant to regulation 41 of The Uncertificated Securities Regulations 2001, members will be entitled to attend and vote at the meeting if they are registered on the Company’s register of members 48 hours (excluding any part of a day that is not a business day) before the time appointed for the meeting or any adjournment thereof. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- 10 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear UK & Ireland Limited’s specifications, and must contain the information required) for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer’s agent. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting system provider(s) take(s)) such action as shall be necessary to ensure that message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

- 11 To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Asset Services.

- 12 In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:

By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Asset Services. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, the revocation notice must be received by Capita Asset Services no later than 48 hours (excluding non-business days) prior to the Meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

