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FURTHER, THIS ANNOUNCEMENT IS FOR INFORMATION PURPOSES ONLY AND SHALL NOT CONSTITUTE AN OFFER TO SELL OR ISSUE OR THE SOLICITATION OF AN OFFER TO BUY, SUBSCRIBE FOR OR OTHERWISE ACQUIRE ANY NEW ORDINARY SHARES OF SHANTA GOLD LIMITED IN ANY JURISDICTION IN WHICH ANY SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL.

6 May 2016

Shanta Gold Limited

(“Shanta” or the “Company”)

Proposed Placing to raise approximately US\$10 million

Amendment to terms of convertible loan notes and partial buyback

US\$5.25 million silver streaming agreement

Shanta Gold Limited (AIM: SHG), the East Africa-focused gold producer, developer and explorer, is pleased to announce its intention to conduct a conditional placing (the “**Placing**”) of new ordinary shares (the “**Placing Shares**”) to raise approximately US\$10.0 million (£6.9 million).

The price at which the Placing Shares are to be placed (the “**Placing Price**”) will be at 6.5 pence per Placing Share. The Placing is being conducted through an accelerated bookbuilding process to be undertaken by Peel Hunt LLP (“**Peel Hunt**”) acting as sole bookrunner. The books for the Placing will open with immediate effect.

The Company is also pleased to announce that it has reached a conditional agreement with the holders of the US\$25.0 million senior unsecured subordinated convertible loan notes (the “**Notes**”) for a subsidiary of the Company to purchase US\$10.0 million of the Notes and to extend the term of the remaining Notes by two years to April 2019 (the “**Restructuring**”) with a concurrent increase to the coupon from 8.5 per cent to 13.5 per cent.

Highlights

- Intention to raise approximately US\$10.0 million through the Placing at 6.5 pence per Placing Share;
- US\$5.25 million silver streaming agreement of silver by-product with Silverback Limited (“**SSA**”);
- The Placing and the SSA provide Shanta with a significant degree of financial flexibility as it reaches peak capital expenditure at the New Luika Gold Mine (“**NLGM**”) during 2016, assisting the Company to execute the Base Case Mine Plan (“**BCMP**”), undertake the underground development of NLGM and to progress satellite deposit exploration;
- Following completion of the Placing, the Company intends to undertake an open offer (the “**Open Offer**”) for up to €5.0 million to enable existing shareholders not participating in the Placing to participate in the fundraising on the same terms; and;

- US\$10.0 million of the Notes proposed to be acquired by a subsidiary of the Company and extension of the maturity date to April 2019 with a concurrent increase in coupon.

Toby Bradbury, Chief Executive Officer of Shanta, commented:

“Today’s proposed placing and the Silver Stream Agreement, together with the proposed acquisition of \$10 million of Loan Notes and restructuring of the convertible debt, would significantly strengthen Shanta’s financial position as the Company progresses the underground development at our flagship New Luika Gold Mine.

“In addition, the proposed placing and the Silver Stream Agreement provide the financial headroom for the continued exploration of the satellite deposits across our highly prospective licence area as we continue our strategy of adding further ounces to our resources and reserves.”

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About Shanta Gold Limited

Shanta is an East Africa-focused gold producer, developer and explorer. It currently has defined ore resources on the New Luika and Singida projects in Tanzania and holds exploration licences over a number of additional properties in the country. Shanta’s flagship New Luika Gold Mine commenced production in 2012 and produced 81,873 ounces in 2015. The Company is admitted to trading on London’s AIM Market. For further information please visit: www.Shantagold.com.

Details of the Placing

Investors who participate in the Placing will be required to make bids for Placing Shares in Sterling. Members of the public are not entitled to participate in the Placing.

The Placing is subject to the terms and conditions set out at in the Appendix to this Announcement. Peel Hunt will today commence an accelerated bookbuilding process in respect of the Placing (the "**Bookbuild**"). The book will open with immediate effect. The timing of the closing of the book and allocations is at the discretion of Peel Hunt and the Company. Details of the number of Placing Shares to be subscribed for in the Placing will be announced as soon as practicable after the close of the Bookbuild. The Placing Price of 6.5 pence represents a discount of approximately 13.3 per cent. to the closing mid-market price per share on 5 May 2016, the latest practicable date prior to the date of this announcement.

The Placing Shares will be credited as fully paid and will rank pari passu in all respects with the existing ordinary shares in the capital of the Company including the right to receive all dividends and other distributions declared, made or paid after their date of issue.

The Company has entered into a placing agreement (the "**Placing Agreement**") with Peel Hunt on customary terms and conditions pursuant to which Peel Hunt will use their reasonable endeavours to procure Places for the Placing Shares.

Investors who participate in the Placing will receive an allocation of Placing Shares at the discretion of Peel Hunt, and the Company. Places should refer to their trade confirmation.

The Placing is conditional on, inter alia, the passing of a written resolution of the convertible loan note holders to amend the terms of the convertible loan notes (the "**Written Resolution**") as further detailed below and on admission of the Placing Shares to trading on AIM.

The directors of the Company are prohibited from participating in the Placing due to close period restrictions, however it is the current intention that Anthony Durrant, Toby Bradbury and Robin Fryer will participate in the Open Offer.

The Appendix to this Announcement (which forms part of this Announcement) sets out the terms and conditions of the Placing. By choosing to participate in the Placing and making an oral or written offer to acquire Placing Shares, investors will be deemed to have read and understood this Announcement in its entirety (including the Appendix) and to make a legally binding offer on the terms and subject to the terms and conditions in it, and to be providing the representations, warranties, undertakings and acknowledgments contained in the Appendix.

Details of the Silver Streaming Agreement

The Company also announces that it has entered into a SSA with Silverback Limited ("**Silverback**"), a privately held Guernsey-based investment company, under which Silverback will pay the Company an advanced payment of US\$5.25 million subject to closing. Silverback will also pay the Company an ongoing payment of 10 per cent. of the value of silver sold at the prevailing silver price at the time of deliveries which will be made annually. The SSA relates solely to silver by-product production from the NLGM with minimum silver delivery obligations totalling 608,970 oz Ag over a 6.75 year period. The term of the SSA expires after 10 years and the Company has no minimum ounce obligations after 2022.

The Company produced 121,682 ounces of silver in 2015 resulting in approximately 2 per cent. of annual revenue. There are currently no defined silver reserves at NLGM. Furthermore, the SSA entitles the Company to share 20 per cent of future annual silver production above a monthly threshold of 11,250 oz. The Company is also entitled to clawback future silver deliveries by the pro-rated increase in tonnage in the event of it installing additional milling

capacity at the NLGM processing plant.

The SSA will be secured against the Singida mining licences, Shanta's exploration and development gold asset located in central Tanzania and the Company is putting in place the necessary arrangements with Investec to facilitate this. The security amortises over the 6.75 years of the silver deliveries and automatically subordinates should the Company raise a minimum \$6.0 million of project finance for Singida's development. Closing is subject to customary in-country approvals.

Details of the Restructuring

In April 2012 Shanta successfully completed a \$40 million fundraising, comprising of a \$15 million equity placing and a concurrent \$25 million underwritten 5-year convertible loan note offering. The existing convertible loan note has a coupon of 8.5 per cent. per annum and a conversion price of 27.95p and matures in April 2017.

The Company has reached a conditional agreement with over a requisite 75 per cent. majority for its subsidiary to purchase \$10.0 million of the Notes and to extend the term of the remaining Notes by two years to April 2019 subject to the passing of a written resolution by the convertible note holders. When the restructuring becomes effective and as part of the Restructuring, the coupon applicable to the notes will increase from 8.5 per cent. to 13.5 per cent. for the remainder of the term of the notes. The Written Resolution will be sent to convertible noteholders today and it is currently anticipated to be passed within two business days of this announcement. A further announcement will be made by the Company in due course, upon the passing of the Written Resolution.

Background to and reasons for the Placing and the Restructuring

The Company has reached peak debt and will reach peak capital expenditure at NLGM during 2016. The net proceeds of the Placing combined with the SSA, Company cash flows, existing cash and other debt facilities will provide Shanta with a significant degree of financial flexibility allowing the Company to:

- deliver the BCMP;
- undertake the underground development of NLGM;
- progression of satellite deposit exploration to further extend the NLGM mine life; and,
- provide contingency funding.

The Company has explored, in detail, a range of financing options and believes that the Placing, SSA and the Restructuring represents the optimal structure to enable the Company to secure the significant value at NLGM.

Subject to the passing of the Written Resolution, application will be made to the London Stock Exchange plc ("**LSE**") for the admission of the Placing Shares to trading on the AIM market of the LSE ("**Admission**"). Admission of the Placing Shares is expected to be effective on or around 13 May 2016.

The Placing Shares will be issued under the general authority to issue an unlimited number of shares for cash on a non-pre-emptive basis in accordance with the Company's articles of association.

In addition following completion of the Placing, the Company intends to offer shareholders an opportunity to acquire shares at the Placing Price by way of a non-underwritten Open Offer to eligible existing shareholders at the Placing Price up to approximately €5.0 million (approximately £3.9 million). The Open Offer will be limited to €5 million so as to fall within an exemption from the requirement to publish a prospectus. The Open Offer will enable all

eligible shareholders to subscribe for new ordinary shares at the Placing Price on a pro rata basis to their current holdings with the option to apply for additional shares through an excess application facility. By committing to participate in the Placing, shareholders have agreed not to participate in the Open Offer, if and when made. A further announcement shall be made in due course.

Your attention is drawn to the detailed terms and conditions of the Placing described in the Appendix to this Announcement (which forms part of this Announcement) which sets out further information relating to the Bookbuild and the terms and conditions of the Placing.

Further Information

The net proceeds of the Placing and the SSA will be used in conjunction with a number of other sources of capital to fund the Company's upcoming capital expenditure programme at NLGM (expected to be \$42.9 million from Q2-Q4 2016).

The Company delivered an updated reserves statement, an underground feasibility study and the BCMP for NLGM on 29 September 2015. The strategy for NLGM is to maximise value and mine life from the existing assets within the mining licence and from adjacent exploration licences. The study, BCMP and reserve statement provide clarity on the NLGM production profile from January 2016 to late 2022 and clearly demonstrates the investment thesis for developing the underground resources.

The BCMP includes ongoing surface mining, a tailings recovery project and incorporates future underground mining. Underground operations provide an extension of high grade ore supply to maintain an average NLGM production of 84,000 oz per annum over five years with potential to further optimise the schedule. The BCMP provided for extraction from mining of 2.79 million tonnes for the production of 443,000 oz from January 2016 to 2022 (133,000 oz from open pit and 310,000 oz from underground) at average cash cost and AISC of US\$532 /oz and US\$695 /oz respectively. The post-tax net present value for the BCMP from January 2016 was US\$110.4 million at an 8% discount rate and a gold price of US\$1,200 /oz.

There are a number of key infrastructure projects that will be completed as part of the BCMP. These relate to water security, power supply and tailings storage. NLGM is constructing a dam on the Luika River that will enable operations to withstand a year without rain. The quantity of water stored is an insignificant proportion of the water that flows down the Luika River. At the end of the life of the NLGM, this dam will form part of Tanzania's infrastructure. The BCMP also includes a new power plant to replace and expand the existing power plant. On 23 March 2016, the Company announced that it had received \$9.1 million financing from Bank M Tanzania plc for the construction of its 7.5MW power station with delivery of the plant expected to take place in early Q1 2017. NLGM will continue to use heavy fuel oil but the new plant has low speed engines which provide a longer life and are more efficient. The cost benefits of the revised power costs were incorporated into the BCMP.

A new tailings storage facility is to be commissioned in 2017 which will provide for an initial eight year mine life at current mill capacity. This includes capacity for the retreatment of the contents of the existing tailings facility which contain gold and silver not recovered prior to the elution plant commissioned in 2014.

The future for Bauhinia Creek and Luika deposits is increasingly underground focused. From 2017, NLGM will be a blend of underground mining of high grade ores and smaller scale surface mining of lower grade resources. The underground feasibility study was completed by independent consultants, AMC Consultants (UK) Limited and forecasts for the extraction of 1.57 million tonnes over six years at a grade of 6.5 grams per tonne. It is expected that the underground mine will produce 310,000oz and the project net present value at an 8% discount

rate and gold price of US\$1,200 /oz is US\$72 million, with a pre-tax internal rate of return of 56%. The underground life of mine average cash cost and AISC were US\$499 /oz and US\$640 /oz respectively with pre-production capital cost of US\$38.4 million including contingency.

NLGM further comprises a number of satellite deposits at Jamhuri, Elizabeth Hill, Ilunga, Black Tree Hill, Black Tree Hill North and Shamba. These resources, which can potentially benefit from further exploration, have been prioritised for further evaluation and have the advantage that all sit within the current mining licence enabling quick access to early production. The BCMP currently has un-utilised mill capacity of 362,000 tonnes over the first 5 years that on-going resource exploration and optimisation work can fill thus adding to near term project value. There remains substantial scope to improve the BCMP as new reserves are brought to account. Additional resources brought into the BCMP will provide the opportunity to further extend the life of the high grade underground resources, push out capital expenditure, extend the life of the operation and further improve the NPV. The high grade underground deposits are open at depth and carry significant inferred resources that will be further explored

The Elizabeth Hill prospect was the first deposit on which upgrade drilling was conducted in 2015. As a result, the resource was expanded to 2.3Mt at 1.7g/t for 128,000oz. Subsequent reserve evaluation increased the reserve from 70,000 tonnes containing 5000oz (including in the BCMP) to 667,000 tonnes and 28,000oz. The expanded Elizabeth Hill reserve is in the process of being incorporated in an updated and further optimised mine plan, however the Company anticipated that this additional ore will fill the 362,000 tonnes spare mill capacity and added a further six months of mill feed to the mine life.

Further drilling has been completed at Black Tree Hill which is the process of re-estimation and a drilling program is underway at Ilunga.

Further exploration in adjacent prospecting licences held by the Company has been conducted at the Askari prospect announced 23 February 2016 for which an initial resource estimation is underway.

Trading update

The Company announced its quarterly operational results on 19 April 2016 and its preliminary unaudited full year results for the year ended 31 December 2015 this morning. Both results demonstrate Shanta's continued positive operational performance. The Company sits in the lowest quartile of gold producers and exceeded its production and cost guidance set in April 2015, producing more ounces at a greater margin. Shanta achieved gold production for FY2015 of 81,873oz, beating guidance of 72,000-77,000 oz and AISC for 2015 of US\$834 /oz against guidance of US\$850-900 /oz generating cash of US\$35.0 million for FY2015, revenue of US\$95.7 million and EBITDA of US\$31.9 million. Although profitability was impacted by a non-recurring non-cash charge resulting in a loss after taxation for the year of US\$17.3 million, this does not detract from a very robust performance. The Company's 2015 annual report and audited accounts will be posted to its website and sent to shareholders in due course.

The Company now expects to be towards the higher end of 2016 production guidance 82,000-87,000 ounces and is assessing 2016 cost guidance of US\$750-US\$800/oz in light of Q1 and ongoing operational performance.

As further noted in the preliminary unaudited full year results RNS, the Company's recent achievements have been secured with a strengthened team under the leadership of Dr Toby Bradbury, who was appointed as Chief Executive Officer from 1 April 2015. Eric Zurrin assumed the Chief Financial Officer responsibilities on an interim basis in October 2015 and has agreed to assist the Company in the transition to Mark Rosslee assuming the Chief Financial Officer role on a permanent basis. Mark joined the Company in January 2016 and

took over as the permanent Chief Financial Officer from 1 May 2016. Mark is a qualified Chartered Accountant and graduate of the University of Witwatersrand, South Africa. He has a graduate diploma in Mining Engineering and has served on the boards of multiple public junior mining companies that have operated across Africa.

IMPORTANT NOTICE

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

This announcement does not constitute, or form part of, a prospectus relating to Shanta Gold Limited (the "**Company**"), nor does it constitute or contain any invitation or offer to any person, or any public offer, to subscribe for, purchase or otherwise acquire any shares in the Company or advise persons to do so in any jurisdiction, nor shall it, or any part of it form the basis of or be relied on in connection with any contract or as an inducement to enter into any contract or commitment with the Company.

The content of this announcement has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("**FSMA**").

This announcement is not for publication or distribution, directly or indirectly, in or into the United States of America. This announcement is not an offer of securities for sale into the United States. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold in the United States, except pursuant to an applicable exemption from registration. No public offering of securities is being made in the United States.

This announcement is not for release, publication or distribution, directly or indirectly, in or into the United States, Australia, Canada, the Republic of South Africa, Japan or any jurisdiction where to do so might constitute a violation of local securities laws or regulations (a "Prohibited Jurisdiction"). This announcement and the information contained herein are not for release, publication or distribution, directly or indirectly, to persons in a Prohibited Jurisdiction unless permitted pursuant to an exemption under the relevant local law or regulation in any such jurisdiction. This announcement has been issued by and is the sole responsibility of the Company.

Peel Hunt is acting solely as nominated adviser and broker exclusively for the Company and no one else in connection with the contents of this announcement and will not regard any other person (whether or not a recipient of this announcement) as its client in relation to the contents of this announcement nor will it be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the contents of this announcement. Apart from the responsibilities and liabilities, if any, which may be imposed on Peel Hunt by FSMA or the regulatory regime established thereunder, Peel Hunt accepts no responsibility whatsoever, and makes no representation or warranty, express or implied, for the contents of this announcement including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on behalf of it, the Company or any other person, in connection with the Company and the contents of this announcement respect, whether as to the past or the future. Peel Hunt accordingly disclaims all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of the contents of this announcement or any such statement.

APPENDIX

TERMS AND CONDITIONS OF THE PLACING

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

IMPORTANT INFORMATION ON THE PLACING FOR INVITED PLACEEES ONLY.

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA WHO ARE QUALIFIED INVESTORS AS DEFINED IN SECTION 86(7) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 AS AMENDED, ("**QUALIFIED INVESTORS**") BEING PERSONS FALLING WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE EU PROSPECTUS DIRECTIVE (WHICH MEANS DIRECTIVE 2003/71/EC (AS AMENDED BY DIRECTIVE 2010/73/EC)) AND INCLUDES ANY RELEVANT IMPLEMENTING DIRECTIVE MEASURE IN ANY MEMBER STATE) (THE "**PROSPECTUS DIRECTIVE**"); AND (B) IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO ARE PERSONS WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND ARE "INVESTMENT PROFESSIONALS" FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "**ORDER**"); (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) ("HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC") OF THE ORDER; AND (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**").

THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN RELATE IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS APPENDIX DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY. THIS ANNOUNCEMENT IS NOT AN OFFER OF OR SOLICITATION TO PURCHASE OR SUBSCRIBE FOR SECURITIES IN THE UNITED STATES.

THE SECURITIES REFERRED TO HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES, EXCEPT PURSUANT TO AN APPLICABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. NO PUBLIC OFFERING OF SECURITIES IS BEING MADE IN THE UNITED STATES. NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION NOR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES HAS APPROVED OR DISAPPROVED OF AN INVESTMENT IN THE SECURITIES OR PASSED UPON OR ENDORSED THE MERITS OF THE PLACING OR THE ACCURACY OR ADEQUACY OF THE CONTENTS OF THIS ANNOUNCEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES.

EACH PLACEE (BEING THE PERSON PROCURED BY PEEL HUNT TO SUBSCRIBE FOR PLACING SHARES) SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF ANY INVESTMENT IN PLACING SHARES.

Persons who are invited to and who choose to participate in the Placing, by making (or on whose behalf there is made) an oral or written offer to subscribe for Placing Shares (the "Placees"), will be deemed to have read and understood this Announcement, including this Appendix, in its entirety and to be making such offer on the terms and conditions, and to be providing the representations, warranties, acknowledgements, and undertakings contained in this Appendix. In particular, each such Placee represents, warrants and acknowledges to Peel Hunt and the Company that:

1. it is a Relevant Person (as defined above) and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
2. in the case of any Placing Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (a) the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State of the European Economic Area (the "EEA") which has implemented the Prospectus Directive other than Qualified Investors or in circumstances in which the prior consent of Peel Hunt has been given to the offer or resale; or (b) where Placing Shares have been acquired by it on behalf of persons in any member state of the EEA other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Directive as having been made to such persons; and
3. it is (a) acquiring the Placing Shares in an 'offshore transaction' meeting the requirements of Regulation S under the Securities Act; or (b) a "qualified institutional buyer" (a "QIB") (as defined in Rule 144A under the Securities Act) and it has duly executed an investor letter in a form provided to it and delivered the same to a Peel Hunt Person.

The Company and Peel Hunt will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings. Peel Hunt does not make any representation to any Placees regarding an investment in the Placing Shares referred to in this Announcement (including this Appendix).

This Announcement does not constitute an offer, and may not be used in connection with an offer, to sell or issue or the solicitation of an offer to buy or subscribe for Placing Shares in any jurisdiction in which such offer or solicitation is or may be unauthorised or unlawful and any failure to comply with these restrictions may constitute a violation of applicable securities laws in such jurisdiction. This Announcement and the information contained herein is not for publication or distribution, directly or indirectly, to persons in the United States, Australia, Canada, Japan or the Republic of South Africa or in any other jurisdiction in which such publication or distribution is unauthorised or unlawful. Persons (including, without limitation, custodians, nominees and trustees) into whose possession this Announcement and this Appendix may come are required by the Company to inform themselves about and to observe any restrictions of transfer of this Announcement. No public offer of securities of the Company is being made in the United Kingdom, the United States or elsewhere.

In particular, the Placing Shares referred to in this Announcement have not been and will not be registered under the Securities Act or any laws of or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold, pledged or

otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the securities laws of any state or other jurisdiction of the United States. No public offering of the Placing Shares or any other securities is being made in the United States. No money, securities or other consideration from any person inside the United States is being solicited pursuant to this Announcement, the Placing, or the Bookbuild and, if sent in response to the information contained in the Announcement, will not be accepted. This Announcement is not an offer of securities for sale into the United States. The Placing Shares are being offered and sold outside the United States in accordance with Regulation S under the Securities Act. Any offering to be made in the United States will be made to a limited number of QIBs pursuant to an exemption from, or in a transaction not subject to, registration under the Securities Act or in a transaction not involving any public offering.

The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing or the accuracy or adequacy of this Announcement. Any representation to the contrary is a criminal offence in the United States.

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

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

Terms defined elsewhere in this document have the same meaning in this Appendix, unless the context requires otherwise. In this Appendix the following additional definition shall apply:

"Peel Hunt Person" means any person being (i) Peel Hunt or any member (partner) of Peel Hunt, (ii) an undertaking which is a subsidiary undertaking of Peel Hunt, (iii) a parent undertaking of Peel Hunt or (other than Peel Hunt) a subsidiary undertaking of any such parent undertaking, or (iv) a director, partner, officer, agent or employee of any such person.

Various dates referred to in this document are stated on the basis of the expected timetable for the Placing. It is possible that some of these dates may be changed. The expected date for Admission is 13 May 2016 and, in any event, the latest date for Admission is 27 May 2016 (the "**Long Stop Date**").

The Placing

Peel Hunt has entered into a placing agreement with the Company under which it has, on the terms and subject to the conditions set out therein, undertaken to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price being 6.5 pence per Placing Share. As part of the arrangements for the Bookbuild, the Company itself intends to procure certain Placees. To the extent Peel Hunt does not procure subscribers for

Placing Shares as required, including those Placees procured by the Company, Peel Hunt will not itself subscribe for such shares.

Peel Hunt will today commence an accelerated bookbuilding process in respect of the Placing (the "**Bookbuild**") to determine demand for participation in the Placing by Placees at the Placing Price. This Appendix gives details of the terms and conditions of, and the mechanics of participation in, the Placing. The number of Placing Shares will be determined following completion of the Bookbuild as set out in this Announcement and the Placing Agreement. No commissions will be paid to Placees or by Placees in respect of any Placing Shares.

Peel Hunt and the Company shall be entitled to effect the Placing by such alternative method to the Bookbuild as it may, in its sole discretion, determine.

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

Peel Hunt and the Company reserve the right to scale back the number of Placing Shares to be allotted to any Placee in the event of an oversubscription under the Placing. Peel Hunt and the Company also reserve the right not to accept offers for Placing Shares or to accept such offers in part rather than in whole.

Each Placee will be required to pay to Peel Hunt, on the Company's behalf, an amount equal to the product of the Placing Price and the number of Placing Shares that such Placee is required to be allotted in accordance with the terms set out in or referred to in this Appendix. Each Placee's obligation to be allotted and pay for Placing Shares under the Placing will be owed to each of the Company and Peel Hunt. Each Placee will be deemed to have read this Appendix in its entirety.

Neither Peel Hunt nor any other Peel Hunt Person will have any liability (subject to applicable legislation and regulations) to Placees or to any person other than the Company in respect of the Placing.

Application for Admission to Trading on AIM

Application will be made to London Stock Exchange plc ("**LSE**") for the Placing Shares to be admitted to trading on AIM, the market owned and operated by the LSE ("**AIM**"), ("**Admission**"). It is expected that Admission will take place at 8.00 am on 13 May 2016 (or such later date as may be agreed between the Company and Peel Hunt, provided that such date is no later than the Long Stop Date).

Participation in, and principal terms of, the Placing

Participation in the Placing is only available to persons who may lawfully be, and are, invited to participate in it by Peel Hunt.

1. Peel Hunt is arranging the Placing as bookrunner and agent of the Company.
2. Participation in the Placing will only be available to persons who may lawfully be, and are, invited to participate by Peel Hunt. Peel Hunt and its respective affiliates are entitled to enter bids in the Bookbuild as principal.

3. The completion of the Bookbuild will be determined by Peel Hunt in its absolute discretion and shall then be announced on a Regulatory Information Service as soon as is practicable following the completion of the Bookbuild.
4. To bid in the Bookbuild, prospective Placees should communicate their bid by telephone to their usual sales contact at Peel Hunt. Each bid should state the number of Placing Shares which the prospective Placee wishes to subscribe for at the Placing Price, being 6.5 pence per Placing Share. Bids may be scaled down by Peel Hunt on the basis referred to paragraph 8 below.
5. The Bookbuild is expected to close no later than 3.00 pm on 6 May 2016 but may be closed earlier or later at the discretion of Peel Hunt. Peel Hunt may, in agreement with the Company accept bids that are received after the Bookbuild has closed. The Company reserves the right to reduce or seek to increase the amount to be raised pursuant to the Placing, in its absolute discretion. The final allocations of the Placing Shares (including as to the identity of the Placees and the number of shares allocated to each Placee at the Placing Price) shall be determined by Peel Hunt in its absolute discretion.
6. Each Placee's allocation will be confirmed to Placees orally, or by email, by Peel Hunt following the close of the Bookbuild and a trade confirmation or contract note will be dispatched as soon as possible thereafter (the "**Contract Note**"). The terms of this Appendix will be deemed incorporated into the Contract Note. Peel Hunt's oral or emailed confirmation to such Placee will constitute an irrevocable legally binding commitment upon such person (who will at that point become a Placee) in favour of Peel Hunt and the Company, under which it agrees to subscribe for the number of Placing Shares allocated to it at the Placing Price on the terms and conditions set out in this Appendix (which are deemed to be incorporated in such trade confirmation or contract note) and in accordance with the Company's Articles of Association.
7. The Company will make a further announcement following the close of the Bookbuild detailing the number of Placing Shares to be issued.
8. Subject to paragraphs 3 and 4 above, Peel Hunt may choose to accept bids, either in whole or in part, on the basis of allocations determined at their discretion (in agreement with the Company) and may scale down any bids for this purpose on such basis as it may determine. Peel Hunt may also, notwithstanding paragraphs 3 and 4 above, but subject to the prior consent of the Company (i) allocate Placing Shares after the time of any initial allocation to any person submitting a bid after that time; and (ii) allocate Placing Shares after the Bookbuild has closed to any person submitting a bid after that time. The Company and Peel Hunt acting together reserve the right not to accept bids or to accept bids in part rather than in whole.
9. A bid in the Bookbuild will be made on the terms and subject to the conditions in this Appendix and will be legally binding on the Placee on behalf of which it is made and, except with Peel Hunt's consent, will not be capable of variation or revocation after the time at which it is submitted. Each Placee will also have an immediate, separate, irrevocable and binding obligation, to pay Peel Hunt (or as Peel Hunt may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares for which such Placee has agreed to subscribe. Each Placee's obligations will be owed to Peel Hunt.
10. Irrespective of the time at which a Placee's allocation pursuant to the Placing is confirmed, settlement for all Placing Shares to be acquired pursuant to the Placing will

be required to be made at the same time, on the basis explained below under "Settlement".

11. All obligations under the Bookbuild and Placing will be subject to fulfilment of the conditions referred to below under "Conditions of the Placing" and to the Placing not being terminated on the basis referred to below under "Conditions to the Placing".
12. By participating in the Bookbuild, each Placee agrees that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.
13. To the fullest extent permissible by law and the applicable rules of AIM, neither Peel Hunt nor any of their respective affiliates shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise whether or not a recipient of these terms and conditions) in respect of the Placing. Each Placee acknowledges and agrees that the Company is responsible for the allotment of the Placing Shares to the Placees and Peel Hunt shall have no liability to the Placees for the failure of the Company to fulfil those obligations. In particular, neither Peel Hunt nor any of its affiliates shall have any liability (including to the extent permissible by law, any fiduciary duties) in respect of Peel Hunt's conduct of the Bookbuild or of such alternative method of effecting the Placing as Peel Hunt and the Company may agree.
14. In making an investment decision, Placees must rely on their own examination of the Company and its prospects and the terms of the Placing, including the merit and risks involved in investing in the Placing Shares.
15. Settlement will occur on a date to be advised but expected to be on or around 13 May 2016 ("**Closing Date**").

All such times and dates will be subject to amendment at Peel Hunt's discretion, except that in no circumstances will the date scheduled for Admission be later than the Long Stop Date.

No Prospectus

The Placing Shares are being offered to a limited number of specifically invited persons only and will not be offered in such a way as to require a prospectus in the United Kingdom or in any other jurisdiction. No offering document or prospectus has been or will be submitted to be approved by the Financial Conduct Authority, the LSE or any other regulatory body in relation to the Placing and Placees' commitments in respect of Placing Shares will be made solely on the basis of the information contained in this Announcement and the terms and conditions contained in this appendix.

Settlement

Settlement of transactions in the Placing Shares will take place INSIDE the CREST system.

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

The Company will procure the delivery of the Placing Shares to CREST accounts operated by Peel Hunt for the Company and Peel Hunt will enter its delivery (DEL) instructions into the CREST system. The input to CREST by each Placee of a matching or acceptance

instruction will then allow delivery of the relevant Placing Shares to that Placee against payment.

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

Following the close of the Bookbuild for the Placing, each Placee allocated Placing Shares in the Placing may be sent a conditional trade confirmation stating the number of Placing Shares, the Placing Price and the subscription amount payable to be allocated to it and will be required to provide Peel Hunt with funds sufficient to purchase such securities prior to the Closing Date.

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

It is expected that settlement will take place on or about 13 May 2016 in CREST on a T+5 basis in accordance with the instructions set out in the conditional trade confirmation. Settlement will be through Peel Hunt against CREST ID: 871

Following the close of the Bookbuild for the Placing, each Placee allocated Placing Shares in the Placing will be sent a conditional trade confirmation(s) stating the number of Placing Shares to be allocated to it at the Placing Price and settlement instructions.

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

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

Trade date: 6 May 2016

Settlement date: 13 May 2016 (Electronic)

ISIN code for the Placing Shares: GB00B0CGR828

No UK stamp duty or stamp duty reserve tax should be payable to the extent that the Placing Shares are issued into CREST to, or to the nominee of, a Placee who holds those shares beneficially (and not as agent or nominee for any other person) within the CREST system and registered in the name of such Placee or such Placee's nominee provided that the Placing Shares are not issued to a person whose business is or includes issuing depositary receipts or the provision of clearance services or to an agent or nominee for any such person.

The agreement to settle a Placee's subscription (and/or the subscription of a person for whom such Placee is contracting as agent) free of stamp duty and stamp duty reserve tax depends on the settlement relating only to a subscription by it and/or such person direct from the Company for the Placing Shares in question. Such agreement assumes that the Placing Shares are not being subscribed for in connection with arrangements to issue depositary receipts or to transfer the Placing Shares into a clearance service. If there are any such arrangements, or the settlement relates to any other subsequent dealing in the Placing Shares, UK stamp duty or stamp duty reserve tax may be payable, for which neither the Company nor Peel Hunt will be responsible, and the Placee to whom (or on behalf of whom, or in respect of the person for whom it is participating in the Placing as an agent or nominee) the allocation, allotment, issue or delivery of Placing Shares has given rise to such UK stamp duty or stamp duty reserve tax undertakes to pay such UK stamp duty or stamp duty reserve tax forthwith and to indemnify on an after-tax basis and to hold harmless the Company and Peel Hunt in the event that the Company or Peel Hunt has incurred any such liability to UK stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and notify Peel Hunt accordingly.

In addition, Placees should note that they will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by them or any other person on the subscription by them of any Placing Shares or the agreement by them to subscribe for any Placing Shares.

Placing Agreement

Peel Hunt entered into the Placing Agreement with the Company today under which Peel Hunt has agreed on a conditional basis to use its reasonable endeavours as agent of the Company to procure Placees at the Placing Price for the Placing Shares (excluding certain Placing Shares for which the Company has agreed to procure subscribers itself).

Conditions to the Placing

The Placing is conditional on, among other things:

1. the Company having complied with its obligations and satisfying all conditions to be satisfied by them under the Placing Agreement or the terms of this Appendix which fall to be performed or satisfied on or prior to Admission;
2. the Placing Agreement not being terminated in accordance with its terms by Peel Hunt;
3. the Written Resolution being passed by the requisite majority;
4. Admission taking place by the relevant time and date to be stated in the Announcement;
and
5. the Placing Agreement becoming unconditional in all other respects.

If:

- any of the conditions contained in the Placing Agreement in relation to the Placing Shares are not fulfilled or waived (if capable of being waived) by Peel Hunt by the respective time or date where specified (or such later time or date as the Company and Peel Hunt may agree);
- any of such conditions becomes incapable of being fulfilled; or
- the Placing Agreement is terminated in the circumstances specified below,

the Placing in relation to the Placing Shares will lapse and the Placee's rights and obligations hereunder in relation to the Placing Shares shall cease and terminate at such time and each Placee agrees that no claim can be made by the Placee in respect thereof.

Peel Hunt may, in its absolute discretion, upon such terms as it thinks fit, waive compliance by the Company with certain of the Company's obligations in relation to the conditions in the Placing Agreement save that the certain conditions including the condition relating to Admission taking place may not be waived. Any such extension or waiver will not affect the Placees' commitments as set out in this Announcement,

Peel Hunt reserves the right to waive or extend the time and or date for the fulfilment of any of the conditions in the Placing Agreement to a time no later than 8 00 a.m. on the Long Stop Date.

If any condition in the Placing Agreement is not fulfilled or waived by Peel Hunt by the relevant time, the Placing will lapse and each Placee's rights and obligations in respect of the Placing will cease and terminate at such time.

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

Termination

The Placing Agreement may be terminated by Peel Hunt at any time prior to Admission in certain circumstances including, among other things, following a material breach of the Placing Agreement by the Company or the occurrence of certain force majeure events. The exercise of any right of termination pursuant to the Placing Agreement, any waiver of any condition in the Placing Agreement and any decision by Peel Hunt whether or not to extend the time for satisfaction of any condition in the Placing Agreement will be within the absolute discretion of Peel Hunt. Following Admission, the Placing Agreement is not capable of rescission or termination.

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

Offer personal

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

Payment default

A Placee's entitlement to receive any Placing Shares under the Placing will be conditional on Peel Hunt's receipt of payment in full for such Placing Shares by the relevant time to be stated in the written confirmation referred to above, or by such later time and date as Peel Hunt and the Company may in their absolute discretion determine, and otherwise in accordance with that confirmation's terms.

If any Placee fails to make such payment by the required time for any Placing Shares:

(1) the Company may release itself, and (if at its absolute discretion it decides to do so) will be released from, all obligations it may have to allot and/or issue any such Placing Shares to such Placee or at its direction which are then unallotted and/or unissued;

(2) the Company may exercise all rights of lien, forfeiture and set-off over and in respect of any such Placing Shares to the full extent permitted under its Articles of Association or by law and to the extent that such Placee then has any interest in or rights in respect of any such shares;

(3) the Company or Peel Hunt may sell (and each of them is irrevocably authorised by such Placee to do so) all or any of such shares on such Placee's behalf and then retain from the proceeds, for the account and benefit of the Company relating to (or where applicable and in relation to (iii) below only, Peel Hunt): (i) any amount up to the total amount due to it as, or in respect of, allotment monies, or as interest on such monies, for any Placing Shares, (ii) any amount required to cover any stamp duty or stamp duty reserve tax arising on the sale, and (iii) any amount required to cover dealing costs and/or commissions necessarily or reasonably incurred by it in respect of such sale; and

(4) such Placee will remain liable to the Company and to Peel Hunt for the full amount of any losses and of any costs which either of them may suffer or incur as a result of it (i) not receiving payment in full for such Placing Shares by the required time, and/or (ii) the sale of any such Placing Shares to any other person at whatever price and on whatever terms as are actually obtained for such sale by or for it. Interest may be charged in respect of payments not received by Peel Hunt for value by the required time referred to above at the rate of two percentage points above the base rate of Barclays Bank plc.

Placees' representations, warranties and undertakings to the Company and Peel Hunt

By agreeing with Peel Hunt to be allotted Placing Shares under the Placing and participating in the Bookbuild, each Placee (and any person acting on a Placee's behalf) irrevocably acknowledges and confirms and represents and warrants and undertakes to, and agrees with, each of the Company and Peel Hunt (in its capacity as placing agent) and each of their respective affiliates, in each case as a fundamental term of such Placee's acceptance of its Placing participation and of the Company's obligation to allot and/or issue any Placing Shares to it or at its direction, that:

- (a) it has read the Announcement in full, including this Appendix, and agrees to and accepts all the terms set out in the Announcement, including this Appendix, and that its acquisition of the Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained therein;
- (b) its rights and obligations in respect of the Placing will terminate only in the circumstances referred to in this Appendix and will not be subject to rescission or termination by it in any circumstances;
- (c) it shall not take up its pro rata entitlement in the Open Offer in respect of Ordinary Shares it holds on the record date for entitlements under the Open Offer (the "Record Date"), provided that the Record Date falls on or before 31 May 2016.
- (d) it accepts that the content of the Announcement is exclusively the responsibility of the Company and that Peel Hunt nor any person acting on its respective behalf has or shall have any liability for any information, representation or statement contained

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

- (e) the only information on which it is entitled to rely and on which such Placee has relied in committing itself to subscribe for the Placing Shares is contained in the Announcement and any information previously published by the Company by notification to a Regulatory Information Service, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and that it has neither received nor relied on any other information given or representations, warranties or statements made by any Peel Hunt Person or the Company or their respective directors, employees, officers or agents or any other person and neither Peel Hunt nor the Company, including employees or agents nor any person acting on behalf of any of Peel Hunt or the Company will be liable for any Placee's decision to accept an invitation to participate in the Placing based on any other information, representation, warranty or statement;
- (f) it has relied on its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing;
- (g) it has not been, and will not be, given any warranty or representation in relation to the Placing Shares or to the Company or to any other member of its Group in connection with the Placing, other than (i) as included in the Announcement by the person(s) responsible for the Announcement, (ii) by the Company as included in this document, and (iii) by the Company to the effect that (1) the Announcement will comply with all relevant requirements of the AIM Rules for Companies at the time of its publication and (2) at the time that the Placee enters into a legally binding commitment to be allotted Placing Shares pursuant to the Placing the Company will not then be in breach of its obligations under the AIM Rules for Companies or applicable law to disclose publicly in the correct manner all such information as is required to be so disclosed by the Company;
- (h) it has not relied on any representation or warranty in reaching its decision to be allotted Placing Shares under the Placing, save as given or made by the Company as referred to in the previous paragraph;
- (i) it is not a client of Peel Hunt in relation to the Placing and Peel Hunt is not acting for it in connection with the Placing and will not be responsible to it in respect of the Placing for providing protections afforded to it or its clients under the rules of the FCA (the "**FCA Rules**") or for advising it with regard to the Placing Shares and Peel Hunt shall not be responsible to it or any other person for providing the protections afforded to its customers whether under the FCA Rules or otherwise, or for advising it or any other person in respect of or in connection with such arrangements. In addition any payment by it will not be treated as client money governed by the FCA Rules. It agrees that Peel Hunt shall not be liable to it for any matter arising out of its role as placing agent or otherwise in connection with the Placing and that, where any such liability nevertheless arises as a matter of law, it will immediately waive any claim against Peel Hunt which it may have in respect thereof;
- (j) it (or any person acting on its behalf) will pay the full allotment amount at the Placing Price as and when required in respect of all Placing Shares for which it is required to be allotted under its Placing participation and will do all things necessary on its part to ensure that payment for such shares and their delivery to it or at its direction is completed in accordance with the standing CREST instructions

(or, where applicable, standing certificated settlement instructions) that it has or puts in place with Peel Hunt, failing which the relevant Placing Shares may be placed with other placees or sold as Peel Hunt may, in its sole discretion and without liability to such Placee decide, and it will remain liable for the shortfall below the net proceeds of such sale and the placing proceeds of the Placing Shares, and may be required to bear any stamp duty or stamp duty reserve tax which may arise upon the placing or sale of such Placee's Placing Shares on its behalf;

- (k) its allocation (if any) of Placing Shares will represent a maximum number of Placing Shares which it will be entitled, and required, to be allotted, and that the Company and/or Peel Hunt may call upon it to be allotted a lower number of Placing Shares (if any), but in no event in aggregate more than the aforementioned maximum;
- (l) it is entitled to be allotted Placing Shares under the laws of all relevant jurisdictions which apply to it and it has complied, and will fully comply, with all such laws (including where applicable, the Criminal Justice Act 1993, money laundering and terrorist financing under the Anti-Terrorism, Crime and Security Act 2001, the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2003, the Terrorism Act 2006, the Money Laundering Regulations 2007 and part VIII of the Financial Services and Markets Act 2000 (the "**Regulations**")) and has obtained all governmental and other consents (if any) which may be required for the purpose of, or as a consequence of, such allotment, and it will provide promptly to Peel Hunt such evidence, if any, as to the identity or location or legal status of any person which Peel Hunt may request from it in connection with the Placing (for the purpose of complying with any such laws or ascertaining the nationality of any person or the jurisdiction(s) to which any person is subject or otherwise) in the form and manner requested by Peel Hunt on the basis that any failure by it to do so may result in the number of Placing Shares that are to be allotted and/or issued to it or at its direction pursuant to the Placing being reduced to such number, or to nil, as Peel Hunt may decide at its sole discretion;
- (m) that it has identified its clients in accordance with the Regulations and that it has complied fully with its obligations pursuant to the Regulations;
- (n) it has observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action which will or might result in the Company, or Peel Hunt acting in breach of the regulatory or legal requirements of any territory in connection with the Placing, application for Placing Shares or the admission to AIM of the Placing Shares;
- (o) it will not distribute any press announcement relating to the Placing or any other offering material, directly or indirectly, in or into the United States, Canada, Japan, New Zealand, South Africa or Australia or in or into any other jurisdiction where it would be unlawful to do so or to any person resident in such countries;
- (p) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 ("**FSMA**") with respect to anything done or to be done by it in relation to any Placing Shares in, from or otherwise involving the United Kingdom and it has not made or communicated or caused to be made or communicated, and it will not make or communicate or cause to be made or communicated, any "financial promotion" in relation to Placing Shares in contravention of section 21 of FSMA;

- (q) it is a Relevant Person and it is acting as principal only in respect of the Placing or, if it is acting for any other person (i) it is duly authorised to do so, (ii) it is and will remain liable to the Company and/or Peel Hunt for the performance of all its obligations as a Placee in respect of the Placing (regardless of the fact that it is acting for another person), (iii) it is both an "authorised person" for the purposes of FSMA and a "qualified investor" as defined at Article 2.1(e)(i) of the Prospectus Directive acting as agent for such person, and (iv) such person is either (1) a Qualified Investor or (2) its "client" (as defined in section 86(2) of FSMA) that has engaged it to act as his agent on terms which enable it to make decisions concerning the Placing or any other offers of transferable securities on his behalf without reference to him;
- (r) in the case of a Relevant Person who acquires any Placing Shares pursuant to the Placing acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, it represents and warrants that:
 - (i) the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons other than Relevant Persons or in circumstances in which the prior consent of Peel Hunt has been given to the offer or resale; or
 - (ii) where Placing Shares have been acquired by it on behalf of persons in any member state of the EEA other than Relevant Persons, the offer of those Placing Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- (s) the Placee acknowledges that no offering document, admission document or prospectus has been, or will be, prepared in connection with the Placing and it has not received a prospectus, admission document or other offering document in connection therewith;
- (t) it has not and will not make any offer to the public of the Placing Shares for the purposes of section 102B FSMA;
- (u) it agrees to be bound by the terms of the articles of association of the Company;
- (v) nothing has been done or will be done by it in relation to the Placing or to any Placing Shares that has resulted or will result in any person being required to publish a prospectus in relation to the Company or to any shares in the capital of the Company in accordance with FSMA or the UK Prospectus Rules or in accordance with any other laws applicable in any part of the European Union or the European Economic Area;
- (w) (i) it is not, and is not acting in relation to the Placing as nominee or agent for, a person who is or may be liable to stamp duty or stamp duty reserve tax in respect of any agreement to acquire (or any acquisition of) shares or other securities at a rate in excess of 0.5% (including, without limitation, under sections 67, 70, 93 or 96 of the Finance Act 1986 concerning depositary receipts and clearance services), and the allocation, allotment, issue and/or delivery to it, or any person specified by it for registration as holder, of Placing Shares will not give rise to a liability under any such section, (ii) the person whom it specifies for registration as holder of Placing Shares will be the Placee or the Placee's nominee, and (iii) neither Peel Hunt nor the Company will be responsible to it or anyone else for any liability to pay stamp duty or stamp duty reserve tax resulting from any breach of, or non-compliance, with this paragraph. Each Placee and any person acting on behalf of such Placee agrees to participate in the Placing and it agrees to indemnify the Company and Peel Hunt in respect of the same on the basis that the Placing Shares will be allotted to the CREST

account or its affiliate or agent who will hold them as nominee on behalf of such Placee until settlement in accordance with its standing settlement instructions;

- (x) it will not treat any Placing Shares in any manner that would contravene any legal or regulatory requirement applicable in any territory or jurisdiction and no aspect of its participation in the Placing will contravene any legal or regulatory requirement applicable in any territory or jurisdiction in any respect or cause the Company or Peel Hunt or their respective directors, officers, employees or agents to contravene any such legal or regulatory requirement in any respect and it has obtained all governmental and other consents which may be required under the laws of the applicable territory or jurisdiction;
- (y) if a Placee is a resident in the UK: i) it is a "qualified investor" within the meaning of Section 86(7) of the United Kingdom Financial Services and Markets Act 2000 ("FSMA"); ii) it is a person of a kind described in Article 19 and/or Article 49 and/or 43 (2) of the Order and it understands that the information contained in this Appendix is only directed at any of the following: (A) persons falling within Article 19 of the Order having professional experience in matters relating to investments; (B) persons falling within Article 49 of the Order (including companies and unincorporated associations of high net worth and trusts of high value); or (C) persons to whom it would otherwise be lawful to distribute it; and that, accordingly, any investment or investment activity to which this Appendix relates is available to it as such a person or will be engaged in only with it as such a person;
- (z) if a Placee is an investor located within a member state of the European Economic Area, it is: (i) a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive; and (ii) a "professional client" or an "eligible counterparty" within the meaning of Article 4(1)(11) and Article 24(2), (3) and (4), respectively, of Directive 2004/39/EC as implemented into national law of the relevant EEA state;
- (aa) (applicable terms and expressions used in this paragraph have the meanings that they have in Regulation S made under the US Securities Act) (i) the Placing Shares have not been and will not be registered under the US Securities Act or under the securities laws of any State of or other jurisdiction within the United States, (ii) subject to certain exceptions, Placing Shares may not be offered or sold, resold, or delivered, directly or indirectly, into or within the United States or to, or for the account or benefit of, any US person (as defined in Regulation S under the US Securities Act), (iii) it is (and any such account for which it is acting is) either (a) a QIB, who will execute and return a representation letter to that effect to the Company and Peel Hunt prior to Admission; or (ii) is not within the United States and it is not a US person and will be acquiring Placing Shares in an "offshore transaction", (iv) it has not offered, sold or delivered and will not offer sell or deliver any of the Placing Shares to persons within the United States, directly or indirectly, (v) neither it, its affiliates, nor any persons acting on its behalf, has engaged or will engage in any directed selling efforts with respect to the Placing Shares, (vi) it will not be receiving Placing Shares with a view to resale in or into the United States, and (vii) it will not distribute this document or any offering material relating to Placing Shares, directly or indirectly, in or into the United States or to any persons resident in the United States;
- (bb) neither it, its affiliates, nor any person acting on its or their behalf, has engaged or will engage in any form of general solicitation or general advertising (within the meaning of Regulation D promulgated under the Securities Act) in connection with any offer and sale of the Placing Shares in the United States;

- (cc) neither has it nor any of its affiliates, nor any person acting on its or their behalf used or will use in connection with its participation in the Placing, directly or indirectly, the postal system of, any instrument (including, without limitation, facsimile transmission, telex, telephone and the internet) of interstate or foreign commerce of, or any facilities or a national securities exchange of the United States;
- (dd) it is not and, if different, the intended beneficial owner of the Placing Shares allocated to it is not, and at the time the Placing Shares are acquired will not be, a resident or national of Canada, Japan, Australia or the Republic of South Africa or a corporation, partnership or other entity organised under the laws of Canada (or any political subdivision of it), Australia, the Republic of South Africa or Japan, and the Placing Shares have not been and will not be registered under the securities legislation of Canada, Japan, Australia or the Republic of South Africa and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, in or into those jurisdictions;
- (ee) the Placee has consented to receive information in respect of securities of the Company and other price-affected securities (as defined in FSMA) which makes it an “insider” for the purposes of Part V of FSMA, and it agrees not to deal in any securities of the Company until such time as the inside information (as defined in FSMA) of which it has been made aware has been made public for purposes of FSMA or it has been notified by Peel Hunt or the Company that the proposed Placing will not proceed and any unpublished price sensitive information of which the Placee is aware has been publicly announced, and, other than in respect of its knowledge of the proposed Placing, it has neither received nor relied on any confidential price sensitive information concerning the Company or the Placing Shares;
- (ff) where the Placee is acquiring Placing Shares for one or more managed accounts, it represents and warrants that it is authorised in writing by each managed account: (a) to acquire the Placing Shares for each managed account; (b) to make on its behalf the representations, warranties, acknowledgments, undertakings and agreements in this Appendix; and (c) to receive on its behalf any investment letter relating to the Placing in the form provided to it by Peel Hunt;
- (gg) Peel Hunt may (at its absolute discretion) satisfy its obligations to procure Placees by itself agreeing to become a Placee in respect of some or all of the Placing Shares or by nominating any other Peel Hunt Person or any person associated with any Peel Hunt Person to do so;
- (hh) time is of the essence as regards its obligations under this Appendix;
- (ii) each right or remedy of the Company or Peel Hunt provided for in this Appendix is in addition to any other right or remedy which is available to such person and the exercise of any such right or remedy in whole or in part will not preclude the subsequent exercise of any such right or remedy;
- (jj) any document that is to be sent to it in connection with the Placing will be sent at its risk and may be sent to it at any address provided by it to Peel Hunt;
- (kk) nothing in this Appendix will exclude any liability of any person (i) for any contents of the Announcement as a result of such person being responsible for such contents pursuant to the AIM Rules for Companies or applicable law or (ii) for fraud on its part, and all times and dates in this Appendix are subject to amendment at the discretion of Peel Hunt except that in no circumstances will the date scheduled for Admission be later than the Long Stop Date;

- (ll) none of its rights or obligations in respect of the Placing is conditional on any other person agreeing to be allotted any Placing Shares under the Placing and no failure by any other Placee to meet any of its obligations in respect of the Placing will affect any of its obligations in respect of the Placing;
- (mm) it has substantial experience in evaluating and investing in shares of companies similar to the Company such that it is capable of evaluating the merits and risks of an investment in the Company, it has such knowledge and experience in financial and business matters as to be capable of protecting its own interests and evaluating the merits and risks of an investment in the Company and it is able to bear the economic risk of a complete loss of its investment in the Company;
- (nn) it has made an investigation of the pertinent facts relating to the operation of the Company to the extent it deems necessary in order to be fully informed with respect thereto;
- (oo) it will indemnify on an after tax basis and hold the Company and Peel Hunt and their respective 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, acknowledgements, agreements and undertakings in this appendix and further agrees that the provisions of this appendix shall survive after completion of the Placing;
- (pp) Peel Hunt does not have any duty to it similar or comparable to rules of "best execution", "suitability" and "risk warnings" as set out in the Conduct of Business Sourcebook of the FCA;
- (qq) it accepts that it is not relying on Peel Hunt to advise whether or not the Placing Shares are in any way a suitable investment for it;
- (rr) it is entitled to subscribe for or purchase the Placing Shares under the laws of all relevant jurisdictions which apply to it and that it has fully observed such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities;
- (ss) it irrevocably appoints any director or employee of Peel Hunt as its agent for the purpose of executing and delivering to the Company and/or its registrars any document on its behalf necessary to enable it to be registered as the holder of the Placing Shares being issued to it;
- (tt) it is not presently acting in concert, as defined in the City Code on Takeovers and Mergers, with any existing shareholder or other Placee;
- (uu) each right or remedy of the Company and Peel Hunt provided for in this Appendix is in addition to any other right or remedy which is available to such person and the exercise of any such right or remedy in whole or in part shall not preclude the subsequent exercise of any such right or remedy;
- (vv) none of its rights or obligations in respect of the Placing is conditional on any other person agreeing to acquire any Placing Shares under the Placing and no failure by any other Placee to meet any of its obligations in respect of the Placing shall affect any of its obligations in respect of the Placing;
- (ww) Peel Hunt does not owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings or indemnities in the Placing Agreement; and

- (xx) the Placee agrees that the Company and Peel Hunt and others will rely upon the truth and accuracy of the foregoing conformations, representations, warranties, acknowledgements undertakings and agreements which are given by each Placee (or persons acting on their behalf) to Peel Hunt and the Company and are irrevocable.

Entire Agreement

The terms set out in this Announcement (including the Appendix) and the allocation of Placing Shares (including the subscription amount payable) as confirmed to a Placee, constitute the entire agreement to the terms of the Placing and a Placee's participation in the Placing to the exclusion of prior representations, understandings and agreements between them. Any variation of such terms must be in writing.

Governing Law and Jurisdiction

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

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