

THE CONTENT OF THIS DOCUMENT HAS NOT BEEN APPROVED BY AN AUTHORISED PERSON WITHIN THE MEANING OF THE FSMA. RELIANCE ON THIS DOCUMENT FOR THE PURPOSE OF ENGAGING IN ANY INVESTMENT ACTIVITY MAY EXPOSE AN INDIVIDUAL TO A SIGNIFICANT RISK OF LOSING ALL AMOUNTS INVESTED.

THIS DOCUMENT AND THE ENCLOSED FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the FSMA who specialises in advising in connection with shares and other securities if you are resident in the United Kingdom or, if not, another appropriately authorised independent financial adviser.

If you have sold or transferred all of your Existing Ordinary Shares in the Company, please send this document and the accompanying Form of Proxy to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. Such documents should not, however, be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or transferred only part of your holding of Existing Ordinary Shares, you should retain these documents and contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

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 Existing Ordinary Shares are admitted to trading on AIM. Application will be made to London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that admission of the New Ordinary Shares to trading on AIM will become effective and that dealings will commence on 9 February 2018. The New Ordinary Shares will, on Admission, rank *pari passu* in all respects with, and will rank in full for all dividends and other distributions declared, made or paid in respect of, the Existing Ordinary Shares after the date of Admission.

This document should be read in its entirety and, in particular, your attention is drawn to the section headed "Risk Factors" in Part II of this document.

This document is a circular and not a prospectus and does not constitute an offer to sell, or a solicitation of an offer to buy, New Ordinary Shares (or any other securities) in any jurisdiction.

The New Ordinary Shares have not been, and will not be, registered under the Securities Act, or under the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with state securities laws.

---

## Petro Matad Limited

*(Incorporated in the Isle of Man under the Act with company number 001483V)*



**Firm Placing and Subscription of 186,587,629 New Ordinary Shares at 6.5 pence per share  
to raise approximately US\$16,840,000**

and

**Notice of Extraordinary General Meeting**

**NOMINATED ADVISER AND JOINT BROKER**

**Stockdale Securities Limited**

**JOINT BROKER**

**Stifel Nicolaus Europe  
Limited**

**JOINT BROKER**

**Pareto Securities AS and  
Pareto Securities Ltd**

---

You are recommended to read the whole of this document but your attention is drawn, in particular, to the "Important Information" section of this document, the letter from the Chairperson of the Company set out in Part I of this document which explains the background to, and reasons for, the Fundraising and which recommends that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting, and the risk factors set out in Part II of this document.

Notice of an Extraordinary General Meeting of the Company to be held at Blue Sky Tower, Topaz Conference Hall, Peace Avenue 17, Sukhbaatar District, Ulaanbaatar, Mongolia at 4.30 p.m. (MST) (8.30 a.m. (GMT)) on 8 February 2018, is set out in Part III of this document. If you are unable to attend and vote at the Extraordinary General Meeting, a Form of Proxy for use at the Extraordinary General Meeting is enclosed. To be valid, Forms of Proxy should be completed, signed and returned by post or by hand to the Company's Registered Agent at 6th Floor, Victory House, Prospect Hill, Douglas, Isle of Man, IM1 1EQ or by email to [externalproxyqueries@computershare.co.uk](mailto:externalproxyqueries@computershare.co.uk) or via the CREST system, in each case as soon as possible but in any event so as to be received not later than 48 hours (excluding non-working days and any part of a day which is not a working day in the Isle of Man) before the time of the Extraordinary General Meeting, being 4.30 p.m. (MST) (8.30 a.m. (GMT)) on 6 February 2018. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting should they wish to do so. Please refer to the detailed notes contained in the Notice of Extraordinary General Meeting included in Part III of this document and the Form of Proxy.

If you hold your Existing Ordinary Shares in uncertificated form (i.e. in CREST) you may appoint a proxy by completing and transmitting a CREST proxy instruction in accordance with the procedures set out in the CREST Manual so that it is received by Computershare (under CREST Participation ID 3RA50) by no later than 48 hours (excluding non-working days and any part of a day which is not a working day in the Isle of Man) before the time of the Extraordinary General Meeting, being 4.30 p.m. (MST) (8.30 a.m. (GMT)) on 6 February 2018. The time of receipt will be taken to be the time from which the recipient is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

## IMPORTANT INFORMATION

The release, publication or distribution of this document and/or the accompanying Form of Proxy in or into jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document comes who are not resident in the UK should inform themselves about, and observe, any applicable restrictions. Shareholders who are in any doubt regarding such matters should consult an appropriate independent adviser in the relevant jurisdiction without delay. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, this document may not be distributed, directly or indirectly, in or into the United States, Canada, the Republic of South Africa, Australia or Japan. Overseas Shareholders and any person (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward this document to a jurisdiction outside the UK should seek appropriate advice before taking any action.

The Company and the Directors accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and makes no omission likely to affect the import of such information.

In issuing this document, the Company is relying on the exemption from issuing a prospectus in section 86 and paragraph 9 of Schedule 11A of the FSMA and on paragraphs 43 and 60 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended).

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the offices of Pinsent Masons LLP, 30 Crown Place, Earl Street, London, EC2A 4ES, from the date of this document to the date of Admission.

**This document should be read in its entirety and, in particular, your attention is drawn to the section headed “Risk Factors” in Part II of this document.**

This document does not constitute or form part of any offer or invitation to buy, subscribe for, or sell Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, the New Ordinary Shares have not been, and will not be, registered under the Securities Act or qualified for sale under the laws of any state of the United States or under the applicable laws of any of Canada, Australia, the Republic of South Africa or Japan and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, Australia, the Republic of South Africa or Japan.

No person has been authorised to give any information or to make any representation about the Company and about the matters the subject of this document other than those contained in this document. If any such information or representation is given or made then it must not be relied upon as having been so authorised. The delivery of this document shall not imply that no change has occurred in the Company's affairs since the date of issue of this document or that the information in this document is correct as at any time after the date of this document, save as shall be required to be updated by law or regulation.

Stockdale, which is authorised and regulated in the UK by the FCA and is a member of the London Stock Exchange, is the Company's nominated adviser for the purposes of the AIM Rules. Stockdale is acting exclusively for the Company and will not regard any other person (whether or not a recipient of this document) as a client and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for providing advice in relation to the contents of this document or any other matter referred to herein. Stockdale's responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed to the London Stock Exchange and not to any other person in respect of their decision to acquire New Ordinary Shares in reliance on any part of this document. Stockdale has not authorised the contents of this document for any purpose and no liability whatsoever is accepted by Stockdale nor does it make any representation or warranty, express or implied, as to the accuracy of any information or opinion contained in this document or for the omission of any information. Stockdale expressly disclaims all and any responsibility or liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this document.

Stifel, which is authorised and regulated in the UK by the FCA and is a member of the London Stock Exchange, is the Company's joint broker for the purposes of the AIM Rules. Stifel is acting

exclusively for the Company and will not regard any other person (whether or not a recipient of this document) as a client and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for providing advice in relation to the contents of this document or any other matter referred to herein. Stifel has not authorised the contents of this document for any purpose and no liability whatsoever is accepted by Stifel nor does it make any representation or warranty, express or implied, as to the accuracy of any information or opinion contained in this document or for the omission of any information. Stifel expressly disclaims all and any responsibility or liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this document.

Pareto, which is authorised and regulated in the UK by the FCA and is a member of the London Stock Exchange, is the Company's joint broker for the purposes of the AIM Rules. Pareto is acting exclusively for the Company and will not regard any other person (whether or not a recipient of this document) as a client and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for providing advice in relation to the contents of this document or any other matter referred to herein. Pareto has not authorised the contents of this document for any purpose and no liability whatsoever is accepted by Pareto nor does it make any representation or warranty, express or implied, as to the accuracy of any information or opinion contained in this document or for the omission of any information. Pareto expressly disclaims all and any responsibility or liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this document.

This document has been prepared for the purposes of complying with the AIM Rules and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws or regulatory requirements of jurisdictions outside the UK. The statements contained in this document are not to be construed as legal, business, financial or tax advice.

This document includes statements that are, or may be deemed to be, "forward-looking statements" which include all statements other than statements of historical facts, including, without limitation, those regarding the Company's financial position, liquidity, the results of operations, business strategy, prospects, plans, growth, strategies, markets and objectives of management for future operations. These forward-looking statements can be identified by the use of forward-looking terminology, including, without limitation, the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. 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 Company 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 any 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.

In accordance with the AIM Rules, this document will be available on the Company's website ([www.petromatadgroup.com](http://www.petromatadgroup.com)) from the date of this document, free of charge, subject to certain restrictions relating to persons in any jurisdiction where release, publication or distribution of this document would constitute a violation of the securities law of such jurisdiction. Neither the content of the Company's website nor any website accessible by hyperlinks to or on the Company's website is incorporated in, or forms part of, this document.

Mr. Andrew Barnwell, a geologist and the Company's senior petroleum geology advisor, who has a M.Sc/DIC in Petroleum Geology from Imperial College London, over 30 years' of relevant experience in the upstream oil and gas industry, is a member of the Petroleum Exploration Society of Great Britain and meets the criteria of a qualified person under the AIM guidance note for mining and oil and gas companies, has reviewed and approved the technical information contained in this document.

In compiling the document, the Company has used the technical definitions and guidelines as set forth in the 2007 SPE/AAPG/WPC/SPEE Petroleum Resources Management System (“**PRMS**”).

## CONTENTS

	<i>Page</i>
FUNDRAISING STATISTICS	7
EXPECTED TIMETABLE OF PRINCIPAL EVENTS	7
DIRECTORS, REGISTERED OFFICE AND ADVISERS	8
DEFINITIONS	10
PART I – LETTER FROM THE CHAIRPERSON	16
PART II – RISK FACTORS	23
PART III – NOTICE OF EXTRAORDINARY GENERAL MEETING	31

## FUNDRAISING STATISTICS

Number of Existing Ordinary Shares in issue as at the date of this document <sup>(1)</sup>	333,258,252
Issue Price	6.5 pence
Number of New Ordinary Shares to be issued pursuant to the Fundraising	186,587,629
Number of Placing Shares	127,420,294
Number of Subscription Shares	59,167,335
Enlarged Share Capital immediately following completion of the Fundraising*	519,845,881
Market capitalisation of the Company immediately following the Fundraising at the Issue Price*	£33.8 million
New Ordinary Shares as a percentage of the Enlarged Share Capital*	35.89%
Net proceeds of the Fundraising	US\$16,000,000
Gross proceeds of the Fundraising	US\$16,840,000

(1) As at 18 January 2018, being the latest practicable date prior to the announcement of the Fundraising.

\* Assuming no Ordinary Shares are issued following the date of this document and prior to Admission.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Circular and the accompanying Form of Proxy	22 January 2018
Latest time and date for receipt of completed Forms of Proxy and receipt of electronic proxy appointments via the CREST system for the Extraordinary General Meeting	8.30 a.m. on 6 February 2018
Date and time of Extraordinary General Meeting	8.30 a.m. on 8 February 2018
Announcement of results of Extraordinary General Meeting	8 February 2018
Admission and commencement of dealings in the New Ordinary Shares on AIM	8.00 a.m. on 9 February 2018
CREST accounts expected to be credited for the New Ordinary Shares to be held in uncertificated form	9 February 2018
Latest date for posting of share certificates for the New Ordinary Shares in certificated form (if applicable)	16 February 2018
ISIN for the Ordinary Shares	IM00B292WR19
SEDOL for the Ordinary Shares	B292WR1

**Notes:** Each of the times and dates referred to above and where used elsewhere in this Circular refer to GMT (unless otherwise stated) and are subject to change by the Company (with the agreement of the Joint Brokers), in which case details of the new times and dates will be notified to the London Stock Exchange and the Company will make an appropriate announcement through a Regulatory Information Service.

## DIRECTORS, REGISTERED OFFICE AND ADVISERS

<b>Directors</b>	Enkhmaa Davaanyam ( <i>Chairperson</i> ) Mike Buck ( <i>Chief Executive Officer</i> ) John Henriksen ( <i>Chief Financial Officer</i> ) Dr Oyungerel Janchiv ( <i>Non-Executive Director</i> ) Timothy Bushell ( <i>Non-Executive Director</i> )
<b>Registered office</b>	6th Floor Victory House Douglas Isle of Man IM1 1EQ
<b>Principal place of business</b>	Suite 508, Blue Sky Tower Sukhbaatar District Ulaanbaatar 14240 Mongolia
<b>Registered Agent</b>	CCW Trust Limited 6th Floor, Victory House Douglas Isle of Man IM1 1EQ
<b>CREST Service Provider</b>	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street St Helier JE1 1ES Jersey
<b>Nominated Adviser and Joint Broker</b>	Stockdale Securities Limited Beaufort House 15 St Botolph Street London EC3A 7BB
<b>Joint Broker</b>	Stifel Nicolaus Europe Limited 4th Floor, 150 Cheapside London EC2V 6ET
<b>Joint Broker</b>	Pareto Securities AS and Pareto Securities Ltd 11 Berkeley Street London W1J 8DS
<b>Legal Advisers to the Company</b>	
<i>As to laws of England and Wales</i>	Pinsent Masons LLP 30 Crown Place Earl Street London EC2A 4ES
<i>As to laws of the Isle of Man</i>	Appleby (Isle of Man) LLC 33-37 Athol Street Douglas Isle of Man IM1 1LB



*As to laws of the United States*

Proskauer Rose LLP  
Eleven Times Square  
New York  
NY 10036

*As to laws of Mongolia*

ME MGL Advocates LLP  
Suite 612-613 Level 6  
Central Tower  
Sukhbaatar Square 2 SBD-8  
Ulaanbaatar 14200  
Mongolia

**Legal Advisers to Joint Brokers**

CMS Cameron Mckenna Nabarro Olswang LLP  
Cannon Place  
78 Cannon Street  
London  
EC4N 6AF

## DEFINITIONS

The following words and expressions shall have the following meanings in this document unless the context otherwise requires:

<b>“£”, “Pounds Sterling” or “pence”</b>	the lawful currency of the United Kingdom
<b>“Act”</b>	the Isle of Man Companies Act 2006, as amended
<b>“Admission”</b>	the admission to trading on AIM of the New Ordinary Shares becoming effective in accordance with the AIM Rules
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange
<b>“AIM Rules”</b>	the AIM Rules for Companies and the AIM Rules for Nominated Advisers, as applicable
<b>“AIM Rules for Companies”</b>	the AIM Rules for Companies governing the admission to and operation of AIM published by the London Stock Exchange as amended from time to time
<b>“AIM Rules for Nominated Advisers”</b>	the AIM Rules for Nominated Advisers published by the London Stock Exchange as amended from time to time
<b>“Articles”</b>	the articles of association of the Company in force at the date of this document
<b>“Block IV”</b>	the designated contract area located in the aimags of Bayankhongor and Govi-Altai granted under the Bogd PSA
<b>“Block V”</b>	the designated contract area located in Uvurkhangai aimag granted under the Ongi PSA
<b>“Block XIX”</b>	the designated contract area located in the Republic of Mongolia entitled “Block XIX”
<b>“Block XX”</b>	the designated contract area located in the aimags of Dornod and Sukhbaatar granted under the Block XX PSC
<b>“Block IV and V PSCs”</b>	the (i) Bogd PSA, and (ii) Ongi PSA
<b>“Block XX PSC”</b>	the production sharing contract for Block XX between MRPAM and Petromatad Invest Limited dated 19 July 2006
<b>“Board” or the “Directors”</b>	the directors of the Company, as at the date of this document, whose names are set out on page 8 of this document
<b>“Bogd PSA”</b>	production sharing contract for Block IV between MRPAM and Central Asian Petroleum Corporation Limited dated on or about 29 July 2009
<b>“certificated” or “in certificated form”</b>	an Ordinary Share recorded on the Company’s share register as being held in certificated form (namely, not in CREST)
<b>“Circular” or “document”</b>	this circular, dated 22 January 2018
<b>“Company”</b>	Petro Matad Limited, a company incorporated in the Isle of Man under the Act with company number 001483V whose registered office is at 6th Floor, Victory House, Douglas, Isle of Man, IM1 1EQ
<b>“Company’s Blocks”</b>	together Block IV, Block V and Block XX
<b>“Computershare”</b>	Computershare Investor Services (Jersey) Limited
<b>“CREST”</b>	the relevant system (as defined in the CREST Regulations) for the paperless settlement of trades and the holding of uncertificated securities, operated by Euroclear, in accordance with the same regulations
<b>“CREST Manual”</b>	the rules governing the operation of CREST, as published by Euroclear
<b>“CREST member”</b>	a person who has been admitted by Euroclear as a “system-member” (as defined in the CREST Regulations)

<b>“CREST participant”</b>	a person who is, in relation to CREST, a “system participant” (as defined in the CREST Regulations)
<b>“CREST Regulations”</b>	Uncertificated Securities Regulations 2006 of the Isle of Man (SD No. 743/06), as amended
<b>“CREST sponsor”</b>	a CREST participant admitted to CREST as a CREST sponsor
<b>“CREST sponsored member”</b>	a CREST participant admitted to CREST as a sponsored member (which includes all CREST personal members)
<b>“Disclosure Guidance and Transparency Rules”</b>	Disclosure Guidance and Transparency Rules published by the FCA (as amended from time to time)
<b>“Enlarged Share Capital”</b>	the issued Ordinary Share capital of the Company immediately following the issue of the New Ordinary Shares
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>“Existing Ordinary Shares”</b>	the Ordinary Shares in issue as at the date of this document being the entire issued share capital of the Company at the date of this document
<b>“Extraordinary General Meeting”</b>	the extraordinary general meeting of the Company, convened for 4.30 p.m. (MST) (8.30 a.m. (GMT)) on 8 February 2018 or any adjournment thereof
<b>“FCA” or “Financial Conduct Authority”</b>	the Financial Conduct Authority of the UK, the statutory regulator under FSMA responsible for the regulation of the United Kingdom financial services industry
<b>“Form of Proxy”</b>	the form of proxy enclosed with this document for use in relation to the Extraordinary General Meeting
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended)
<b>“Fundraising”</b>	together the Placing and the Subscription
<b>“GMT”</b>	Greenwich Mean Time
<b>“Group”</b>	the Company and its subsidiaries
<b>“IRR”</b>	internal rate of return
<b>“ISIN”</b>	International Securities Identification Number
<b>“Issue Price”</b>	6.5 pence per New Ordinary Share
<b>“Isle of Man”</b>	the Isle of Man located in the Irish Sea
<b>“Joint Brokers”</b>	Stockdale, Stifel and Pareto
<b>“Joint Broker Placing Agreement”</b>	the conditional agreement dated 19 January 2018 among the Company and the Joint Brokers relating to the Placing, a summary of which is contained in the letter from the Chairperson of the Company set out in Part I of this document
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Management”</b>	means together the members of the Board and Company’s senior management team
<b>“Mongolian Tugrik”</b>	Mongolian Tugrik , the legal currency of Mongolia
<b>“MRPAM”</b>	Mineral Resource and Petroleum Authority of Mongolia
<b>“MST”</b>	Mongolia Standard Time
<b>“Notice of Extraordinary General Meeting”</b>	the notice convening the Extraordinary General Meeting, as set out in Part III of this document
<b>“New Ordinary Shares”</b>	together the Placing Shares and Subscription Shares
<b>“Official List”</b>	the Official List of the UKLA

<b>“Ongi PSA”</b>	production sharing contract for Block V between MRPAM and Central Asian Petroleum Corporation Limited dated 29 July 2009
<b>“Ordinary Shares”</b>	ordinary shares of US\$0.01 each in the capital of the Company having the rights and being subject to the restrictions contained in the Articles
<b>“Overseas Shareholders”</b>	Shareholders with registered addresses, or who are citizens or residents of, or incorporated in, countries outside of the UK
<b>“Pareto”</b>	Pareto Securities AS and Pareto Securities Ltd, the Company’s joint bookrunner and joint broker for the purposes of the Placing and Admission
<b>“participation ID”</b>	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
<b>“Petrovis”</b>	means Petrovis Matad Inc.
<b>“Placees”</b>	persons who have agreed to subscribe for Placing Shares under the Placing
<b>“Placing”</b>	the conditional placing by the Joint Brokers, each as agent of and on behalf of the Company, of the Placing Shares at the Issue Price on the terms and subject to the conditions of the Joint Broker Placing Agreement
<b>“Placing Shares”</b>	the 127,420,294 Ordinary Shares which are to be issued by the Company pursuant to the Placing
<b>“PSC”</b>	production sharing contract
<b>“PSCs”</b>	the Block IV and V PSCs and the Block XX PSC
<b>“Registered Agent”</b>	means CCW Trust Limited
<b>“Regulatory Information Service”</b>	a service approved by the London Stock Exchange for the distribution to the public of AIM announcements and included within the list on the website of the London Stock Exchange
<b>“Resolutions”</b>	the resolutions to be proposed at the Extraordinary General Meeting, as set out in the Notice of Extraordinary General Meeting
<b>“Securities Act”</b>	the United States Securities Act of 1933, as amended
<b>“Shareholders”</b>	registered holders of Ordinary Shares
<b>“Sinopec”</b>	Sinopec International Petroleum Service Mongolia Co. Ltd
<b>“Stifel”</b>	Stifel Nicolaus Europe Limited, the Company’s joint bookrunner and joint broker for the purposes of the Placing and Admission
<b>“Stockdale”</b>	Stockdale Securities Limited, the Company’s nominated adviser and joint bookrunner and joint broker for the purposes of the Placing and Admission
<b>“Subscribers”</b>	persons who have agreed to subscribe for Subscription Shares
<b>“Subscription”</b>	the subscription of the Subscription Shares at the Issue Price by Petrovis and certain Directors and members of the Company’s senior management team
<b>“Subscription Agreements”</b>	means the individual subscription agreements entered into between the Company and each of (i) Petrovis; (ii) certain Directors; and (iii) certain members of the Company’s senior management team, in each case for certain Subscription Shares
<b>“Subscription Shares”</b>	the 59,167,335 Ordinary Shares to be issued pursuant to the Subscription
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UKLA” or “UK Listing Authority”</b>	the UK Listing Authority, being the FCA acting as the competent authority for the purposes of Part VI of FSMA

<b>“uncertificated” or “in uncertificated form”</b>	a share or other security recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, any State of the United States and the District of Columbia
<b>“US\$” or “US Dollars”</b>	United States dollars, the legal currency of the United States

## TECHNICAL DEFINITIONS

<b>“2D seismic”</b>	seismic data acquired in a single traverse or series of traverses. 2D seismic data provides single cross sections
<b>“3D seismic”</b>	seismic data acquired as multiple, closely spaced traverses. 3D seismic data typically provides a more detailed and accurate image of the subsurface than 2D seismic
<b>“appraisal”</b>	the phase of petroleum operations immediately following a successful discovery. Appraisal is carried out to determine size, production rate and the most efficient development of a field
<b>“basin”</b>	a depression in the crust of the Earth, caused by plate tectonic activity and subsidence, in which sediments accumulate
<b>“bopd”</b>	barrels of oil per day
<b>“contingent prospective resource”</b>	those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies
<b>“discovery”</b>	an exploration well which has encountered oil and gas for the first time in a structure
<b>“exploration”</b>	the phase of operations which covers the search for oil or gas by carrying out detailed geological and geophysical surveys followed up where appropriate by exploratory drilling
<b>“gravity survey”</b>	form of mineral exploration that measures the changes of rock density by looking at changes in gravity
<b>“lacustrine”</b>	type of reservoir formed in basin containing water surrounded by land and initially formed by tectonic processes, volcanic, rifting, soil movement, the erosion by the wind on the coast or in land
<b>“mmbo”</b>	million barrels of oil
<b>“NPV<sub>10</sub>”</b>	net present value, discounted at a ten per cent. discount rate
<b>“outcrops”</b>	an outcrop or rocky outcrop is a visible exposure of bedrock or ancient superficial deposits on the surface of the Earth
<b>“prospect”</b>	an identified trap that may contain hydrocarbons. A potential hydrocarbon accumulation may be described as a lead or prospect depending on the degree of certainty in that accumulation. A prospect is generally mature enough to be considered for drilling
<b>“prospective resource”</b>	are estimated volumes associated with undiscovered accumulations. These represent quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from oil and gas deposits identified on the basis of indirect evidence but which have not yet been drilled. This class represents a higher risk than contingent resources since the risk of discovery is also added. For prospective resources to become classified as contingent resources, hydrocarbons must be discovered, the accumulations must be further evaluated and an estimate of quantities that would be recoverable under appropriate development projects prepared
<b>“reservoir”</b>	an underground porous and permeable formation where oil and gas has accumulated
<b>“turbidite”</b>	geologic deposit of a turbidity current, which is a type of sediment gravity flow responsible for distributing vast amounts of clastic sediment into the deep ocean

**EXCHANGE RATES**

Conversions from US\$ to £ in this document have been conducted at an exchange rate of 0.7202:1 being the relevant exchange rate on 18 January 2018.

**PART I**  
**LETTER FROM THE CHAIRPERSON**  
**PETRO MATAD LIMITED**

*(Incorporated in the Isle of Man under the Act with company number 001483V)*

To holders of Ordinary Shares and, for information only, to holders of options over Ordinary Shares

Dear Shareholder,

**Firm Placing and Subscription of 186,587,629 new Ordinary Shares at 6.5 pence per share  
to raise approximately US\$16,840,000**

**and**

**Notice of Extraordinary General Meeting**

**1. INTRODUCTION**

On 19 January 2018, the Company announced that it had conditionally raised US\$16,840,000 (before expenses) from the following sources:

- a firm placing of 127,420,294 Placing Shares at the Issue Price to new institutional investors to raise US\$11.5 million. The Placing Shares were placed by the Joint Brokers, as agents for the Company; and
- subscriptions for, in aggregate, 59,167,335 Subscription Shares at the Issue Price by Petrovis, and certain of the Directors and members of the Company's senior management team. Petrovis, the Company's largest shareholder, has itself subscribed for 51,411,318 Subscription Shares at the Issue Price. Following completion of the Fundraising, Petrovis will hold 28.1% of the Company's Enlarged Share Capital.

Application will be made for all the New Ordinary Shares to be admitted to trading on AIM which is expected to occur at 8.00 a.m. on 9 February 2018. Further details of the Fundraising are set out in this document, which you are encouraged to read carefully.

The Issue Price of 6.5 pence represents a discount of 11.5 per cent. to the average daily volume weighted average price for the three months to 18 January 2018.

Each of the Placing and Subscription is conditional, *inter alia*, upon Shareholders approving the Resolutions at the Extraordinary General Meeting that will grant to the Directors the authority to allot the New Ordinary Shares for cash on a non-pre-emptive basis. The Resolutions are contained in the Notice of Extraordinary General Meeting set out in Part III of this document. Subject to the passing of the Resolutions, Admission is expected to occur no later than 8.00 a.m. on 9 February 2018 or such later time and/or date as the Joint Brokers and the Company may agree. The Fundraising is not underwritten.

The purpose of this document is to provide you with details of and the background to the Fundraising and to explain why the Directors believe that the Fundraising is in the best interests of the Company and its Shareholders as a whole.

The actions that you should take to vote on the Resolutions, and the recommendation of the Board, are set out in paragraphs 8 and 11, respectively, of this letter.

**2. BACKGROUND TO AND REASONS FOR THE FUNDRAISING**

The Company holds a significant, 100% owned and operated, acreage position in Mongolia. It owns and operates three production sharing contracts covering over 60,000 km<sup>2</sup>: Blocks IV (28,900 km<sup>2</sup>) and Block V (21,100 km<sup>2</sup>) in western Mongolia and Block XX (10,340 km<sup>2</sup>) in eastern Mongolia.

The Company is undertaking the Fundraising as part of a re-launch of the business following a period of relative inactivity during the past two years. In June 2015, the Company successfully farmed-out Block IV and Block V to BG Group ("BG"), which included cash payments and a carry on an extensive exploration programme. In April 2016, following the acquisition of BG by Royal



Dutch Shell plc (“**Shell**”) and its subsequent re-organisation and divestiture programme, Shell announced the termination of the farm-out agreement and withdrawal from Mongolia. On termination of the agreement, Shell paid the Company an exit fee of c.US\$15 million, US\$5 million of which is refundable to Shell if the Company farms-out either of Block IV or Block V during the exploration period or any extension of the exploration period.

Following Shell’s withdrawal, the Company recommenced the farm-out process, as well as tendering for a rig contract in January 2017 to drill on Block V. The Company also secured extensions to the Block IV and V PSCs. In July 2017, the Company announced it had awarded the drilling contract to Sinopec for a two well campaign, commencing in September 2017. In September 2017, the Company announced that rig inspection and certification had taken longer than anticipated and that the drilling programme was therefore delayed to 2018. In September 2017, the Company announced a 3D seismic programme on Block V and the acquisition of 2D seismic on Block IV in order to high grade and better define drillable prospects.

In October 2017, the Company announced the appointment of a new chief executive officer, Mike Buck, an industry veteran with over 38 years oil industry experience. On appointment, Mike, with the Management, initiated a review of operations and financing. In December 2017, the Company terminated its equity draw down facility with Bergen Global Opportunity Fund LP, and commenced preparation for the Fundraising, to finance a larger exploration programme than previously planned across Block IV, Block V and Block XX. In January 2018, the Company announced that it had secured an extension to the Block XX PSC and that it had completed the 3D survey in Block V.

As previously announced the Company has been running a farmout process, which has generated interest from a range of companies, who have all undertaken substantial reviews of the Company’s data room, however at this stage no firm offer has been made. There are currently a number of companies remaining in the process. On review however, Management believe that a self-funded exploration and appraisal programme will allow the Company to expand and maintain the planned drilling schedule commencing in Q2 2018, be less dilutive and create significantly more value for Shareholders on success, given the sizeable inventory of low cost drilling targets. Management also believe that a successful exploration campaign would, given the size of the prospects, generate significant interest from potential farminees at a substantially higher value than could be achieved today. As there are still some interested parties, the Company does not however, rule out bringing in a farminee, if on favourable terms, prior to drilling commencing.

The Company intends to use the net proceeds of the Fundraising to undertake an up to four well drilling programme across Block IV, Block V and Block XX planned for 2018. The Company has conducted significant preparatory exploration work across the Company’s Blocks and the drilling campaign offers an attractive mix of lower risk exploration in Block XX, immediately adjacent to producing Block XIX, and high impact exploration in Block IV and Block V.

### **Block XX**

Located in the far east of Mongolia, Block XX is an exploration licence immediately adjacent to PetroChina’s producing Block XIX. The Company has identified five prospects on Block XX including three that the Company believes are continuations of discovered oil bearing structures on Block XIX. The Company has previously drilled wells on Block XX which, although recovering small amounts of oil, were unsuccessful as they were drilled on a large structural high that was too far from source rock to have significant reservoir charge. Given this data, the work completed subsequently and the information from Block XIX, the Company is confident that it has identified prospects with an attractive chance of success, ranging from 50% to 75%.

The first well intended to be drilled on Block XX in 2018 will target the Gazelle prospect, which Management estimate has a mid-case risked recoverable prospective resource of 8 mmbbl and is located to the west of the previous Block XX wells and has been selected for the higher quality reservoir modelled to be present in the west of the acreage. The prospect is located on trend with some of the most productive wells in Block XIX and Management estimate a better than 50% chance of success. The Company currently anticipates drilling the Gazelle prospect in Q3/Q4 2018. The well will be drilled to a total depth of c.2,500m, at an estimated cost of US\$2.5 million. Following Gazelle the Company intends to drill another of the five prospects identified, the location to be determined by ongoing technical work. The Company intends to tender for a rig to drill Block XX, shortly after completion of the Fundraising.

In the event of a discovery, management believe that Block XX is also attractively placed for relatively quick development and monetisation given the extensive development and production facilities located on Block XIX as part of PetroChina's operations, which the Company would potentially look to exploit, given the current spare throughput capacity in Block XIX's processing and export facilities.

In a 15 mmbo success case on Block XX, assuming 40 production wells at US\$2.4 million a well, and initial production rates of 240 bopd and utilising Block XIX facilities, at the December 2017 forward curve, Management estimate indicative economics of US\$80 million NPV<sub>10</sub> and an IRR of 42%.

#### **Blocks IV and V**

Located in the west of Mongolia, where there has been very limited exploration, Block IV and Block V offer a relatively low cost, high impact exploration opportunity. The Company has identified 12 prospective basins across its acreage and has sampled very rich lacustrine source rock and high quality reservoirs in surface outcrops on the basin flanks. Core holes drilled into some of the basinal areas have also found source and reservoir along with shows of oil. Within northern China, close to the Mongolian border there are multiple multi-billion barrel basins that are analogous to the geology in the Company's Blocks and provide an indication of their potential. Blocks IV and V also have an extensive data base of gravity and magnetics surveys including an 11,000km<sup>2</sup> full tensor gravity survey, 4,000 km of 2D seismic and 200 km<sup>2</sup> of 3D seismic.

The Company has an inventory of 55 prospects and leads and estimates more than two billion barrels of cumulative recoverable resource potential in these features. The initial drilling campaign is intended to be a two well campaign, with the first well on the Wild Horse prospect on Block IV and the second well on the Falcon prospect on Block V. The Company has contracted a Sinopec rig to drill two wells in Blocks IV and V involving a lump sum fee structure. The Company anticipates mobilising the rig in late Q1 2018.

The first well of the campaign is intended to drill the Wild Horse prospect in the Baatsagaan Basin in Block IV. The well will drill a prominent structure and is targeting a mid-case prospective resource of 290 mmbo and if successful will de-risk 13 further prospects and leads with a resource potential of 750 mmbo. The well would be shallower than the other prospects at 1,850m total depth and is estimated to cost approximately US\$4 million.

The second well is intended to drill the Falcon prospect in the Tugrug Basin in Block V. The well is targeting a mid-case risked prospective resource of 100 mmbo. Source, and reservoir and a working petroleum system are all proven in the Tugrug Basin, evidenced by the TSC core hole drilled on the edge of the basin, which identified source rock and live oil in good quality reservoir. The Company has recently completed a 3D seismic survey, which will constrain fault mapping and determine the best well location as well as defining turbidite play potential within the basin. The well will be drilled to a total depth of c.3,000m and is expected to cost approximately US\$7 million. If successful the well will help to substantially de-risk seven further prospects and leads with a total additional resource potential of 180 mmbo.

Indicative Management estimates on economics indicate that a successful 50 mmbo discovery, developed with 36 wells at approximately US\$4 million per well and exported initially via truck to Chinese refineries would generate an NPV<sub>10</sub> of US\$451 million, with an IRR of 100% at the December 2017 forward curve. A 150 mmbo discovery, based on a 117 well development on the same parameters above, would generate an NPV<sub>10</sub> of US\$1.27 billion and an IRR of 114%.

Further details of the Company's trading in the year to 31 December 2016 are set out in the Company's audited final results which were released on 29 June 2017 and details of trading in the six month period to 30 June 2017 are set out in the interim results which were released on 1 September 2017.

### 3. USE OF PROCEEDS OF THE FUNDRAISING

In addition to approximately US\$4.7 million of existing cash the Company intends to use the net proceeds of the Fundraising as below:

Use	Cost (US\$MM)	Indicative Timing
Well 1 – Wild Horse prospect, Block IV	4.0	Q2 2018
Well 2 – Falcon prospect, Block V	7.0	Q2/Q3 2018
Well 3 – Gazelle prospect, Block XX	2.5	Q3/Q4 2018
Well 4 – prospect TBD, Block XX	2.0	Q4 2018
PSCs Costs	1.7	2018 / 2019
G&A	3.5	2018
<b>Total</b>	<b>20.7</b>	

### 4. DETAILS OF THE FUNDRAISING AND EXTRAORDINARY GENERAL MEETING

The Company announced the Fundraising on 19 January 2018.

Pursuant to the Fundraising the Company has conditionally raised US\$16,840,000 (before expenses) from the following sources:

- a firm placing of 127,420,294 Placing Shares at the Issue Price to new institutional investors to raise US\$11.5 million. The Placing Shares were placed by the Joint Brokers, as agents for the Company; and
- subscriptions for, in aggregate, 59,167,335 Subscription Shares at the Issue Price by Petrovis, and certain of the Directors and members of the Company's senior management team. Petrovis, the Company's largest shareholder, has itself subscribed for 51,411,318 Subscription Shares at the Issue Price. Following completion of the Fundraising, Petrovis will hold 28.1% of the Company's Enlarged Share Capital.

The Issue Price of 6.5 pence represents a discount of 11.5 per cent. to the average daily volume weighted average price for the three months to 18 January 2018. The Fundraising is not underwritten.

The Placing is conditional, amongst other things, on the following conditions being satisfied:

- the passing of the Resolutions at the Extraordinary General Meeting;
- the Joint Broker Placing Agreement not being terminated prior to Admission and otherwise becoming unconditional in all respects (save for Admission);
- the Subscription Agreements having been completed and the subscription funds having been received by the Company prior to Admission; and
- Admission of the New Ordinary Shares becoming effective on or before 8.00 a.m. on 9 February 2018 (or such later date and/or time as the Company and the Joint Brokers may agree, being no later than 8.00 a.m. on 16 February 2018).

The Company entered into the Joint Broker Placing Agreement with the Joint Brokers on 19 January 2018. Under the Joint Broker Placing Agreement, the Company has agreed to pay to the Joint Brokers:

- an aggregate placing commission equal to 5.25 per cent. of the aggregate value at the Issue Price of the Placing Shares, to be paid 1.75 per cent. to each of Stifel and Pareto, 0.75 per cent. to Stockdale and 1 per cent. to be allocated between the Joint Brokers at the discretion of the Company;
- an aggregate placing commission equal to 1 per cent. of the aggregate value at the Issue Price of the Subscription Shares issued to Petrovis, to be paid 0.34 per cent. to Stifel and Pareto, 0.14 per cent. to Stockdale and 0.18 per cent. to be allocated between each of the Joint Brokers at the discretion of the Company;
- a corporate finance fee of £65,000 to Stockdale;
- a corporate finance fee of US\$50,000 to Stifel; and
- all costs and expenses and VAT thereon, where appropriate.

The Joint Broker Placing Agreement contains certain warranties and an indemnity from the Company in favour of each of the Joint Brokers. The Joint Brokers are entitled, in certain limited circumstances, to terminate the Joint Broker Placing Agreement prior to Admission and to the payment of outstanding expenses on such termination. The Placing Shares to be issued pursuant to the Placing will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive dividends and other distributions declared following Admission.

The Company has also entered into the Subscription Agreements pursuant to which (i) Petrovis has conditionally agreed to subscribe for 51,411,318 Subscription Shares at the Issue Price; and (ii) certain Directors and members of the Company's senior management team have agreed to participate in the Subscription. Further details of the Directors' participation in the Subscription are contained in paragraph 5 of this document.

Each Subscription Agreement is conditional on the following conditions being satisfied:

- the passing of the Resolutions at the Extraordinary General Meeting;
- completion of the Placing having taken place in accordance with its terms (save for Admission); and
- Admission of the New Ordinary Shares becoming effective by 8.00 a.m. on or around 9 February 2018 (or such later date and/or time as the Company and the Joint Brokers may agree, being no later than 8.00 a.m. on 16 February 2018).

The Subscription Shares to be issued pursuant to the Subscription will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive dividends and other distributions declared following Admission.

The Extraordinary General Meeting of the Company, notice of which is set out in Part III of this document, is to be held at 4.30 p.m. (MST) (8.30 a.m. (GMT)) on 8 February 2018 at Blue Sky Tower, Topaz Conference Hall, Peace Avenue 17, Sukhbaatar District, Ulaanbaatar, Mongolia. The Extraordinary General Meeting is being held for the purpose of considering and, if thought fit, passing the Resolutions which are summarised below:

1. Resolution 1 is proposed as an ordinary resolution, to authorise the Directors to allot the New Ordinary Shares pursuant to the Fundraising and, to be passed, more than half of the votes cast must be in favour of the resolution; and
2. Resolution 2 is proposed as a special resolution to authorise the Directors to allot the (i) Placing Shares pursuant to the Placing; and (ii) the Subscription Shares pursuant to the Subscription, in each case for cash on a non-pre-emptive basis as if article 6.1 of the Company's Articles did not apply to such allotment, and, to be passed, at least three quarters of the votes cast must be in favour of the resolution.

## 5. DIRECTOR PARTICIPATION

Certain of the Directors and members of the Company's senior management team have agreed to participate in the Subscription to raise gross proceeds of approximately US\$700,000. Further details of the Directors' subscriptions, and the subsequent Director shareholdings following Admission, are set out in the table below:

Director	Holding of Existing Ordinary Shares	Subscription Shares subscribed pursuant to the Subscription	Holding of Ordinary Shares immediately following Admission	Ordinary Shares as a % of enlarged issued share capital of the Company
Mike Buck	Nil	2,770,006	2,770,006	0.5%
Timothy Bushell	Nil	461,538	461,538	0.1%
John Henriksen	1,083,258	332,400	1,415,658	0.3%

## 6. RELATED PARTY TRANSACTIONS

Petrovis, by virtue of it holding more than 10 per cent. of the existing issued share capital of the Company is classified as a related party of the Company. The participation by Petrovis and each of the above mentioned Directors in the Fundraising are considered related party transactions under Rule 13 of the AIM Rules. Furthermore, Oyungerel Janchiv and Enkhmaa Davaanyam, directors of the Company, are connected to Petrovis. In the absence of independent Directors,

Stockdale, the Company's Nominated Adviser, considers that the terms of the participation by each of Petrovis and the above mentioned Directors in the Fundraising are fair and reasonable insofar as Shareholders are concerned.

Pursuant to the terms of their service agreement or letter of appointment (as the case may be) the following Directors are entitled to receive the following awards of Ordinary Shares (the "**Director Share Awards**"):

Name	No. of Ordinary Shares	Issue Price
Mike Buck	1,000,000	\$0.01
Tim Bushell	500,000	\$0.01

As at the date of this document, no Ordinary Shares have been issued pursuant to the Director Share Awards.

Following completion of the Fundraising, the Directors intend to allot Ordinary Shares in the Company to each of Mike Buck and Tim Bushell pursuant to their Director Share Awards.

Save in respect of the allotment of the New Ordinary Shares and Director Share Awards, the Directors have no current intention to allot new Ordinary Shares, or rights to subscribe for or convert into Ordinary Shares, in the capital of the Company.

## **7. IRREVOCABLE UNDERTAKINGS**

Petrovis and certain of their concert parties, Enkhmaa Davaanyam, Oyungerel Janchiv and John Henriksen have irrevocably undertaken to vote in favour of the Resolutions in respect of their own beneficial holdings of, in aggregate, 141,296,080 Existing Ordinary Shares, in aggregate representing approximately 42.4% of the Existing Ordinary Shares.

## **8. ACTION TO BE TAKEN IN RESPECT OF THE EXTRAORDINARY GENERAL MEETING**

You will find enclosed with this document a Form of Proxy for use by Shareholders at the Extraordinary General Meeting. Whether or not you intend to be present at the Extraordinary 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 sent either by post or by hand to the Company's Registered Agent at 6th Floor, Victory House, Prospect Hill, Douglas, Isle of Man, IM1 1EQ, or by email to [externalproxyqueries@computershare.co.uk](mailto:externalproxyqueries@computershare.co.uk), or via the CREST system, in each case as soon as possible and in any event not later than 4.30 p.m. (MST) (8.30 a.m. (GMT)) on 6 February 2018, being 48 hours (not taking into account any part of a day which is not a working day in the Isle of Man) before the time appointed for holding the Extraordinary General Meeting. Completion of a Form of Proxy will not preclude Shareholders from attending the Extraordinary General Meeting and voting in person if they so choose.

## **9. ADMISSION, SETTLEMENT AND CREST**

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that, subject to the passing of the Resolutions at the Extraordinary General Meeting, Admission will become effective at 8.00 a.m. on 9 February 2018 (or such later date as the Company and the Joint Brokers may agree being not later than 8.00 a.m. on 16 February 2018) and that dealings in the New Ordinary Shares will commence at that time.

The Articles permit the Company to issue shares in uncertificated form. CREST is a computerised paperless share transfer and settlement system which allows shares and other securities to be held in electronic computerized paper form. The Existing Ordinary Shares are already admitted to CREST and therefore the New Ordinary Shares will also be eligible for settlement in CREST. CREST is a voluntary system and Placees or Subscribers who wish to retain certificates will be able to do so upon request. It is expected that the New Ordinary Shares due to uncertificated holders will be delivered in CREST on 9 February 2018.

## **10. OVERSEAS SHAREHOLDERS**

The distribution of this document and the Form of Proxy to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations,

partnerships or other entities created or organised under the laws of countries other than the UK or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the UK may be affected by the laws or regulatory requirements of the relevant jurisdictions.

Accordingly, any persons into whose possession this document comes should inform themselves about and observe any applicable restrictions or requirements. No action has been taken by the Company that would permit possession or distribution of this document in any jurisdiction where action for that purpose is required. Any failure to comply with such restrictions or requirements may constitute a violation of the securities laws of any such jurisdiction.

#### **11. RECOMMENDATION**

**The Directors believe that the passing of the Resolutions is in the best interests of the Company and Shareholders, taken as a whole. Accordingly the Directors unanimously recommend Shareholders to vote in favour of the Resolutions, as they will do in respect of their Ordinary Shares in the Company, representing 5.77 per cent. of the Existing Ordinary Shares.**

Shareholders are reminded that each element of the Fundraising (comprising the Placing and Subscription) is conditional, *inter alia*, upon the passing of the Resolutions at the Extraordinary General Meeting. Shareholders should be aware that if the Resolutions are not approved at the Extraordinary General Meeting, the Fundraising will not proceed and the Company will not receive the net proceeds of the Fundraising.

#### **12. FURTHER INFORMATION**

**Your attention is drawn to the risk factors set out in Part II of this document and the Notice of Extraordinary General Meeting contained in Part III of this document. You are advised to read the whole of this document.**

Yours faithfully

Enkhmaa Davaanyam  
Chairperson

## PART II

### RISK FACTORS

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

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

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

#### 1. RISKS RELATING TO THE COMPANY AND ITS OPERATIONS

##### ***Ability to exploit successful discoveries***

The general industry risks described below apply to the Company and there is no certainty that the Company will locate hydrocarbons which are economically exploitable. It may not always be possible for the Company to participate in the exploitation of any successful discoveries which may be made in any areas in which it has an interest. Such exploitation will involve the need to obtain further 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.

In addition, the decision to proceed with further exploitation may require the participation of other companies whose interests and objectives may not be the same as the Company. Such further work may require the Company to meet or commit to financing obligations for which it may not have adequately planned.

Access to major infrastructure such as pipelines or rail links for the transport of crude oil may require the participation of other companies whose interests and objectives may not be the same as those of the Company.

##### ***Reliance on key personnel***

As is normal with other similar companies in the oil and gas sector, the Company's business is in part dependent on recruiting and retaining the services of a small number of key personnel of the appropriate industry experience and expertise. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of the Directors and the loss of one or more could have a material adverse effect on the Company.

##### ***Retention of key business relationships***

The Company relies on strategic relationships with other entities such as Petrovis.

While the Directors have no reason to believe otherwise, there can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed. The Company 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 the Company's key business alliances or contracts, could adversely impact the Company, its business, operating results and prospects.

#### ***Partner and contractor risks***

While not a part of the current business strategy the Directors may resolve in the future for the Company to participate with other companies, in the acquisition, exploration, development and production of oil assets, thereby allowing for its participation in larger programmes, permitting involvement in a greater number of programmes and reducing financial exposure in respect of any one particular programme. It may also occur that a particular partner company will assign all or a portion of its interest in a particular programme to another company due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular programme and the interest therein to be acquired by it, the Directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time. In addition, the Company is exposed to various risks related to its partners and contractors that may adversely affect its proposed activities and licence interests, including:

- (a) financial failure, non-compliance with obligations or default by a participant in any joint venture arrangement to which it is, or may become, a party;
- (b) insolvency or other managerial failure by any of the contractors used by any joint venture partner in its exploration and production activities; and
- (c) insolvency or other managerial failure by any of the other service providers used by any joint venture or farm-in party for any activity.

#### ***Insurance***

Although the Company believes that it will carry adequate insurance with respect to its operations in accordance with industry practice, in certain circumstances the Company's insurance may not cover or be adequate to cover the consequences of all its operations. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of operations of the Company.

There is a risk that insurance premiums may increase to a level where the Company considers it is unreasonable, or not in its interests, to maintain insurance cover, or not to a level of coverage which is in accordance with industry practice. In addition, the Company may, following a cost-benefit analysis, elect not to insure certain risks on the grounds that the amount of premium payable for that risk is excessive when compared to the potential benefit to the Company of the insurance cover. However, the Company will endeavour to ensure adequate insurance is in place to provide cover for blow-outs, underground blow-outs and resulting pollution or environmental damage.

#### ***Potential requirement for further investment***

The Company is likely to remain cash flow negative for some time and, although the Directors have confidence in the future revenue earning potential of the Company, subject to its exploration activities being successful, there can be no certainty that the Company will achieve or sustain profitability or positive cash flow from its operating activities. The Company may require additional capital in the future for the exploitation of any discoveries, the exploration and (if applicable) exploitation of additional blocks which it is successful in acquiring and/or otherwise for its growth strategy and any unforeseeable events, whether from equity or debt sources. There can be no guarantee that the necessary funds will be available on a timely basis, on favourable terms, or at all, or that such funds if raised, would be sufficient. If additional funds are raised by issuing equity securities, dilution to the then existing shareholdings may result. Debt finance providers may impose onerous covenants on the Company. The level and timing of future expenditure will depend on a number of factors, many of which are outside of the Company's control. If the Company is not able to obtain additional capital on acceptable terms, or at all, it may be forced to curtail or abandon its growth strategy and intended operations.

#### ***Risks relating to the Group's PSCs***

The Group has breached certain terms of its PSCs which give rise to a right for MRPAM to terminate the relevant PSC and the Company is in discussions with MRPAM as to the quantum of outstanding historic work programme obligations in respect of Block XX. However, given that MRPAM have not exercised their right to terminate the relevant PSC to date and the Group has



recently been granted extensions to its PSCs by MRPAM in relation to Block IV, Block V and Block XX, the Company does not believe, based on this recent extension process, the Company's experience of dealing with MRPAM and having taken legal advice from Mongolian counsel that the risks of termination is material.

The Company is currently finalising with MRPAM the re-issue of its technical permit in connection with Block XX which is required in addition to the Block XX PSC in Mongolia to allow for exploration to take place. The relevant application and payments have been made to MRPAM by the Company. This has been confirmed by MRPAM and the Company awaits issue of the relevant technical permit. Based on the Company's experience of petroleum law in Mongolia and previous dealings with MRPAM and having taken advice from Mongolian legal counsel, the Company considers that the risk of MRPAM refusing to issue the relevant technical permit is not material. However, if the Company were to undertake exploration work without a current technical permit for Block XX this may provide MRPAM with a right to terminate the Block XX PSC. The Company has no intention to undertake such work without the technical permit.

## **2. GENERAL INDUSTRY-RELATED RISKS**

### ***Exploration risks***

The business of exploration for oil and gas involves a high degree of risk. Drilling may result in unprofitable efforts, not only with respect to dry wells, but also with respect to wells which, though yielding some hydrocarbons, are not sufficiently productive to justify commercial development. Furthermore, the successful completion of a well does not assure a profit on investment or recovery of drilling, completion and operating costs.

### ***Resource and reserve estimates and lack of an independent prospective resources or reserves report***

Hydrocarbon resource and reserve estimates are expressions of judgement based on knowledge, experience and industry practice. They are therefore imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Estimates that were reasonable when made may change significantly when new information from additional drilling and analysis becomes available. This may result in alterations to development and production plans which may, in turn, adversely affect operations. The reserves and resources estimates and the economic valuations of the Company's prospects on an NPV basis contained in this document are based on sources and information generated by the Company and are not based on an independent prospective resources or reserves report or any other independent source.

Estimates of the possible hydrocarbon resources that might be hosted on the licence areas where the Company has, or may in the future have, interests should not be taken to imply that any hydrocarbon resources are present in these structures.

### ***Title and other regulatory obligations***

The Company's exploration rights will be subject to applications for renewal or grant or for an extension of the activities it covers, including to enable exploitation in the event of a commercial discovery, (as the case may be). The renewal or grant of the term of each PSC, or extension of its scope, is, or may be, at the discretion of the relevant government authority. If a contract is not renewed or granted, or if its scope is not extended, the Company may suffer significant damage through loss of the opportunity to develop and discover any hydrocarbon resources on that licence area.

Under the contractual agreements to which the Company is or may in the future become party, the Company is or may become subject to material payment and other obligations.

Moreover, as has historically been the case, if the Company does not meet its work and/or expenditure obligations under the PSCs or any future permits and/or licences in which it has a participating interest this may lead to dilution of its interest in, or the loss of, the particular PSC, or other permits or licences.

The conduct of petroleum operations and the steps involved in the Company acquiring its current interests involve or have involved the need to comply with numerous procedures and formalities. It may not in all cases be possible to comply with or obtain waivers of all such formalities.

### ***Reliance on Third Party Service Providers***

Oil and gas companies require third party service providers in order to conduct operational activities. The Company has already contracted a rig for two wells in Blocks IV and V. As the Mongolian oil and gas industry is small and at a relatively early stage, there is a limited availability of oil and gas services providers in Mongolia, and there is no certainty that the Company will be able to obtain service providers in a timeframe and at a cost that is acceptable.

### ***Operating risks***

Exploration and development activities may be delayed or adversely affected by factors outside the control of the Company. These include adverse climatic conditions (including drought preventing the access to sufficient water for drilling and other operations), the performance of joint venture or farm-in partners on whom the Company may become reliant, compliance with governmental requirements, 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.

Industry operating risks include the risk of fire, explosions, blow-outs, pipe failure, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures or discharges of toxic gases, the occurrence of any of which could result in substantial losses to the Company due to injury or loss of life, severe damage to or destruction of property, natural resources and equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. Damages occurring as a result of such risks may give rise to claims against the Company and its partners which may not be covered, in whole or part, by insurance.

### ***Commercial risks***

Even if the assets in which the Company holds interests recover quantities of oil or gas, there is a risk it will not achieve a commercial return. The Company may not be able to transport the oil or gas to commercially viable markets at a reasonable cost or may not be able to sell the oil or gas to customers at a price and quantity which would cover its operating and other costs.

### ***Environmental risks***

The operations in which the Company has interests are subject to the environmental risks inherent in the oil and gas exploration and production industry. The Company is subject to environmental laws and regulations in connection with all of its operations. Although the Company intends to be in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other circumstances, which could potentially subject the Company to extensive liability.

Further, any operator or contractor in relation to oil and gas operations may require approval from the relevant authorities before it can undertake activities which are likely to impact the environment. Failure to obtain such approvals or failure to satisfy regular inspections may prevent the Company or the operator from undertaking or continuing its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would adversely affect the Company's operations.

### ***Economic and price risks***

Changes in the general economic climate in which the Company operates may adversely affect its financial performance and the value of its assets. In particular, the current and expected future price of oil and gas can change rapidly and significantly and this can have a substantial effect on the value of the Company's assets and the potential future revenue and profits that might be earned from the successful development of those assets. The marketability of any oil and gas discovered will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, capacity of oil and gas pipelines and processing equipment and

government regulations including regulations relating to taxation, royalties, allowable production, importing and exporting of oil and gas and environmental protection.

The demand for, and price of, oil and natural gas is highly dependent on a variety of factors including international supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments. International oil prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future. Fluctuations in oil and natural gas prices and, in particular, a material decline in the price of oil or natural gas may have a materially adverse effect on the Company's business, financial condition and results of operations. Oil and gas prices could affect the viability of exploring and/or developing the Company's interests.

#### ***Development costs***

Estimated future development expenditure is based on certain assumptions with respect to the method and timing of development. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company.

#### ***Changes in law could materially prejudice the Company***

There have been examples in the past, which had a material adverse effect on certain companies operating in Mongolia, of changes in laws at short notice and with no or little public consultation. There is no certainty that equivalent actions may not happen in the future in relation to laws or regulations applicable to the Company.

#### ***Lack of clarity of law and regulations***

Much of the legislation and regulations applicable to the Company's operations is relatively new and untested by judicial process or otherwise. There can be no certainty that interpretations or rulings of government bodies on which the Company has relied may not be challenged by government agencies or others in the future. If any such challenges were successful, this could materially adversely affect the Company.

### **3. RISKS RELATING TO THE JURISDICTIONS IN WHICH THE COMPANY OPERATES OR WITH WHICH IT TRADES**

#### ***Emerging markets such as Mongolia are subject to greater risks than more developed markets, and fluctuations in the global economy, particularly emerging market countries, could disrupt the Company's business, as well as cause the value of investments in Mongolia to decline***

The Mongolian market and the Mongolian economy are influenced by economic and market conditions in other countries. Moreover, financial turmoil in any emerging market country tends to adversely affect prices in capital markets of all emerging market countries, including Mongolia, as investors move their money to more stable, developed markets. As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in Mongolia and adversely affect the Mongolian economy and the Company. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Mongolian financial markets and indirectly, in the Mongolian economy in general. Any worldwide financial instability could also have a negative impact on the Mongolian economy.

#### ***Selective or other government action may have an adverse effect on the Company's business and the value of investments in Mongolia***

Governmental authorities have a degree of discretion in Mongolia and at times appear to act arbitrarily. Government entities may also use common or minor defects in official or other documentation to delay or invalidate the issue or registrations of rights or licences or to void transactions. Competitors of the Company may receive preferential treatment from the government and government action, if directed at the Company's operations, could have a material adverse effect on the Company's business, results of operations and prospects and on the value of investments in Mongolia.

Any such selective action relating to activities of the Company, for example in relation to its proposed export route following any successful discovery, could adversely affect the Company. In addition, in accordance with Mongolian law, the Mongolian Government may prohibit, restrict or requisition production of petroleum in any part of the territory of Mongolia for reasons of national security, prevention of damage to natural oil reserves, and environment, or protection of relics of historical and cultural importance.

***The government of Mongolia has traditionally exercised and continues to exercise a dominant influence***

The Mongolia government has traditionally exercised and continues to exercise a more dominant influence over many aspects of the economy than is the case in some other countries. Its economic policies have had and could continue to have a significant effect on the Company, and on market conditions and prices of Mongolian securities, including securities issued by the Company.

***Corruption could materially prejudice the Company***

The Mongolian government campaigns regularly against crime and corruption, however, the effectiveness of such campaigns is uncertain. While the Company is not aware of unethical or criminal or corrupt activities affecting the Company, nevertheless, surveys have indicated that there may be some corruption in Mongolia. Corruption could potentially adversely affect the Company, including, for example, if as a result a competitor to the Company was able to achieve a benefit which the Company was not. Another example could be false accusations of corruption or other alleged wrongdoing by the Company or its officers, by news outlets, competitors or others in order to gain a competitive advantage or for other reasons.

***Currency and foreign exchange risk***

The Company's principal operations are located in Mongolia, but the registered office of the Company is in the Isle of Man. Both the Company's revenues and the majority of its operational costs are denominated in US Dollars and so exchange rate fluctuations between the Mongolian Tugrik and the US Dollar have little impact on the Company.

While most of the Company's financial obligations are denominated in US Dollars, a number of foreign currency effects may arise from exchange rate movements. The Company does not engage in active hedging to minimise exchange rate risk.

***Legal systems***

Mongolia and other jurisdictions in which the Company might operate in the future may have less developed legal systems than more established economies which could result in risks such as (i) 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; (ii) a degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience of the judiciary and courts in modern commercial 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 Company'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 the PSCs, 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.

***Economic, political, judicial, administrative, taxation or other regulatory factors***

The Company's current interests are in Mongolia where there may be a number of associated risks over which it will have no, or limited, control. These may include contract renegotiation, contract cancellation, economic, social, or political instability or change, hyperinflation, currency non-convertibility or instability and changes of laws affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, petroleum export licensing and export duties as well as government control over domestic oil and gas pricing.

### ***Foreign jurisdiction taxation***

The operations and activities of the Company in jurisdictions outside the Isle of Man could expose the Company to income and/or capital taxes in jurisdictions outside the Isle of Man which may have a substantial adverse effect on the Company's business, financial condition and prospects. This will depend, in part, on:

- (a) the nature of the Company's income and operations in these jurisdictions (carried on by employees of the Company or service providers on behalf of the Company), including intra-group transactions;
- (b) the attitude of the tax authorities in these jurisdictions; and
- (c) the ability of the Company to claim treaty benefits under any applicable income tax treaties between jurisdictions other than the Isle of Man in which it carries on operations and activities.

### ***Anticipated dependence on Chinese exports***

A significant proportion of the Company's revenues in the event of a successful development of its discoveries are expected to be generated by exports to China. Any significant decline in the condition of the Chinese economy, any import or export controls and/or the imposition of any import or export duties could adversely affect any such exports and/or the financial return which the Company would derive there from.

## **4. RISKS RELATING TO THE FUNDRAISING**

### ***Conditional nature of the Fundraising and Fundraising not underwritten***

The Fundraising is conditional on shareholder approval being granted at the Extraordinary General Meeting and there is no guarantee that the conditions of any element of the Fundraising will be satisfied. The Fundraising is not underwritten. If any element of the Fundraising does not proceed then the Company will not receive the proceeds in respect of that element of the Fundraising.

### ***Valuation of shares***

The Issue Price has been determined by the Company and may not relate to the Company's net asset value, net worth or any established criteria or value. There can be no guarantee that the Ordinary Shares will be able to achieve higher valuations or, if they do so, that such higher valuations can be maintained.

### ***Investment in AIM securities***

An investment in shares traded on AIM may be less liquid and is perceived to involve a higher degree of risk than an investment in a company whose shares are listed on the Official List. Prospective investors should be aware that the value of the Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Group. Investors may therefore realise less than, or lose all of, their investment.

### ***AIM Rules***

The AIM Rules are less onerous than those of the Official List. Neither the FCA nor the London Stock Exchange has examined or approved the contents of this document. Shareholders and prospective investors (as appropriate) should be aware of the risks of investing in AIM quoted shares and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

### ***Dilution of ownership of Ordinary Shares***

Shareholders' proportionate ownership and voting interest in the Company may be reduced pursuant to the Fundraising, subject to certain exceptions.

### ***Share price volatility***

The market price for the Company's Ordinary Shares is likely to fluctuate in response to a variety of factors, many of which are outside the Company's control.

Potential investors should be aware that the value of securities and the income from them can go down as well as up.

The price which investors may realise for their holding of Ordinary Shares, and when they are able to do so, may be influenced by a large number of factors, some of which are specific to the Company and others of which are extraneous.

**Investors should therefore consider carefully whether investment in the Company is suitable for them, in light of the risk factors outlined above, their personal circumstances and the financial resources available to them.**

## PART III

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of the Company (the “**Meeting**”) will be held at Blue Sky Tower, Topaz Conference Hall, Peace Avenue 17, Sukhbaatar District, Ulaanbaatar, Mongolia at 4.30 p.m. (MST) (8.30 a.m. (GMT)) on 8 February 2018 for the transaction of the following special business:

#### RESOLUTION

To consider and, if thought fit, pass the following resolution:

1. **THAT**, in addition to all existing authorities granted pursuant to the Company’s articles of association, pursuant to article 5.1 of the Company’s articles of association, the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot Ordinary Shares in the Company or grant rights to subscribe for, or convert any securities into, Ordinary Shares in the Company up to an aggregate nominal amount of US\$1,865,877 in connection with the Fundraising (as such term is defined in the Circular) provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company unless and to the extent that such authority is renewed, revoked or extended prior to such date. The Company may before such expiry make an offer or agreement which would or might require relevant securities in the Company to be allotted, or rights to be granted, after such expiry and the Directors may allot relevant securities or grant rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

#### SPECIAL RESOLUTION

To consider and, if thought fit, pass the following resolution as a special resolution:

2. **THAT**, in addition to all existing authorities granted by the Company pursuant to the Company’s articles of association, the Directors be and are hereby generally and unconditionally empowered to allot Ordinary Shares for cash, pursuant to the authority conferred by resolution 1, as if article 6.1 of the Company’s articles of association did not apply to such allotment, provided that the power conferred by this resolution shall be limited to the allotment of Ordinary Shares for cash up to a maximum nominal amount of US\$1,865,877 in connection with the Fundraising (as such term is defined in the Circular) and shall expire at the conclusion of the next Annual General Meeting of the Company unless and to the extent that such authority is renewed, revoked or extended prior to such date. The Company may before such expiry make an offer or agreement which would or might require relevant securities in the Company to be allotted, or rights to be granted, after such expiry and the Directors may allot relevant securities or grant rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

For the purpose of the resolutions 1 and 2 above, “**Directors**” means directors of the Company and “**Circular**” means the circular to shareholders issued by the Company dated 22 January 2018, containing this Notice of Extraordinary General Meeting.

By order of the Board

Enkhmaa Davaanyam  
Chairperson

Registered office of the Company:  
6th Floor  
Victory House  
Douglas  
Isle of Man  
IM1 1EQ

Dated: 22 January 2018

*Notes:*

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak at and vote at the Meeting instead of him/her. A proxy need not be a member of the Company. If a member appoints more than one proxy in relation to the Meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by that member.
2. A Form of Proxy is enclosed with this notice. Completion and return of a Form of Proxy will not prevent a member from attending the Meeting and voting in person at the Meeting should they wish to do so.
3. To be effective, the Form of Proxy (and any power of attorney or other authority (if any) under which it is signed (or a notorially certified copy of such authority)) must be duly completed, signed and sent either by post or by hand to the Company's Registered Agent at 6th Floor, Victory House, Prospect Hill, Douglas, Isle of Man, IM1 1EQ, or by email to [externalproxyqueries@computershare.co.uk](mailto:externalproxyqueries@computershare.co.uk), or via the CREST system in each case so as to be received not less than 48 hours (excluding non-working days and any part of a day which is not a working day in the Isle of Man) before the time for holding the Meeting (or any adjourned meeting).
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof 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 voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.
5. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST proxy instruction must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be transmitted so as to be received by the Company's Registered Agent (CREST Participation ID 3RA50), no later than 48 hours (excluding non-working days or any part of a day which is not a working day in the Isle of Man) before the time appointed for the Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp generated by the CREST system) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
6. The Company may treat as invalid a proxy instruction sent by CREST in the circumstances set out in Regulation 18(4)(a) of the CREST Regulations.
7. CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
8. To appoint as a proxy a person other than the Chairperson of the Meeting, a member must insert the proxy's full name in the box on the Form of Proxy. If a member signs and returns a Form of Proxy with no name inserted in the box, the Chairperson of the Meeting will be deemed to be the member's proxy. Where a member appoints as a proxy someone other than the Chairperson, the member is responsible for ensuring that the proxy attends the Meeting and is aware of the member's voting intentions. If a member wishes a proxy to make any comments on the member's behalf, the member will need to appoint someone other than the Chairperson and give them the relevant instructions directly.
9. Every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative (not being himself a member entitled to vote), shall on a show of hands have one vote and on a poll every member present in person or by proxy or (being a corporation) by a duly authorised representative shall have one vote for each share of which is the holder. A resolution is passed either (i) on a show of hands by a majority of in excess of 50 per cent of such members as are present and voting at the relevant meeting; or (ii) on a poll of members of the Company holding in excess of 50 per cent of the voting rights attributable to the shares held by the member or members present and voting at the relevant meeting. A "special resolution" is passed either (i) on a show of hands by a majority of not less than 75 per cent of such members as are present and voting at the relevant meeting; or (ii) on a poll of members of the Company holding not less than 75 per cent of the voting rights attributable to the shares held by the member or members present and voting at the relevant meeting.
10. Pursuant to Regulation 22(1) of the CREST Regulations, the Company has specified that only those members registered on the register of members of the Company at 4.30 p.m. (MST) (8.30 a.m. (GMT)) on 6 February 2018 shall be entitled to attend and vote at the Meeting in respect of the number of shares registered in their name at that time. Changes to the Company's register of members after this time shall be disregarded in determining the rights of any person to attend and vote at the Meeting. If the Meeting is adjourned, only those members entered in the Company's register of members 48 hours before the time and date of the adjourned meeting shall be entitled to attend and vote at the adjourned meeting.
11. Where a corporation is to be represented at the Meeting by a corporate representative, such corporation must deposit a certified copy of the resolution of its directors or other governing body authorising the appointment of the representative at the Company's registered office address not less than 48 hours before the time appointed for the Meeting.



12. A member which is a corporation is entitled to appoint one or more corporate representatives to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual member. If a member who is a corporation appoints more than one corporate representative in relation to the Meeting, each representative must exercise the rights attached to a different share or shares held by that member.
13. If the Chairperson, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairperson, result in the Chairperson holding such number of voting rights that she has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairperson will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3 per cent. or more of the voting rights in the Company who grants the Chairperson a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.
14. As at 19 January 2018, (being the last practicable date prior to the printing of this notice), the Company's issued share capital consisted of 333,258,252 Ordinary Shares carrying one vote each. Therefore, the total number of voting rights in the Company as at 19 January 2018 are 333,258,252.
15. You may not use any electronic communication (within the meaning of the Isle of Man Electronic Transactions Act 2000) provided in this notice or in any related documents to communicate with the Company for any purposes other than those expressly stated.
16. Your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your reference number (as attributed to you by the Company or its registrars). The Company determines the purposes for which, and the manner in which, your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's registrars) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.

