THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult a person authorised under the Financial Services and Markets Act 2000 ("FSMA") who specialises in advising on the acquisition of shares and other securities before taking any action. The whole of the text of this document should be read. Investment in the Company is speculative and involves a high degree of risk. Your attention is also drawn to the section headed "Risk Factors" in Part III of this document.

If you have sold or transferred all of your Existing Ordinary Shares in the Company, please pass this document, together with the accompanying report and accounts, Forms of Proxy and Application Form to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Directors, whose names and functions appear on page 9 of this document, and the Company accept responsibility, both collectively and individually, for the information contained in this document. To the best of the knowledge of the Directors and the Company (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 does not omit anything likely to affect the import of such information.

This document is not a prospectus for the purposes of the Prospectus Rules and has not been approved by the Financial Services Authority pursuant to sections 85 and 87 of FSMA. In issuing this document the Company is relying on the exemption from issuing a prospectus in section 85(5) and paragraph 9 of Schedule 11A of FSMA. This document has been approved as a financial promotion under FSMA by Merchant John East Securities Limited.

Application will be made for the Enlarged Issued Share Capital, to be admitted to trading on AIM. 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 potential risks in investing in such companies and should make the decision to invest only after careful consideration and consultation with his or her own independent financial adviser. London Stock Exchange plc has not itself examined or approved the contents of this document.

It is expected that Admission will become effective and that dealings in the Enlarged Issued Share Capital will commence on AIM on 1 June 2010.

Deo Petroleum plc

(Incorporated in England and Wales under the Companies Act 1985 with registered number 03882653)

Firm Subscription and Subscription and Open Offer of 4,400,970 New Ordinary Shares at 13p per share, Capital Reorganisation

and

Notice of General Meeting

NOMINATED ADVISER AND BROKER

Merchant John East Securities Limited

Notice convening a General Meeting of the Company to be held at the offices of the Merchant John East Securities Limited at 10 Finsbury Square, London EC2A 1AD on 28 May 2010 at 10.05 a.m. (or at such later time as the Annual General Meeting convened for the same day shall have concluded or been adjourned) as set out on pages 49 to 52 of this document. A blue Form of Proxy accompanies this document. **To be valid, the blue Forms of Proxy for use at the meeting must be completed and returned so as to be received at the offices of the Company's registrars, Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA not later than 10.05 a.m. on 26 May 2010.** The completion and depositing of a blue Form of Proxy will not preclude you from attending and voting in person at the General Meeting should you wish to do so.

The New Shares will rank *pari passu* in all respects with the New Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the New Ordinary Shares after Admission.

Merchant John East Securities Limited ("MJES"), which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for the Company and no-one else in connection with the proposed Firm Subscription and the Subscription and Open Offer and will not be responsible to anyone other than the Company for providing the protections afforded to clients of MJES, or for providing advice in relation to the Firm Subscription and the Subscription and Open Offer. MJES is not making any representation or warranty, express or implied, as to the content of this document. No liability is accepted by MJES for the accuracy of any information or opinions contained in or for the omission of any material information from this document, for which the Company and its Directors are solely responsible.

This document does not constitute an offer for sale or an invitation to subscribe for, or the solicitation of an offer to buy or subscribe for, the New Shares in any jurisdiction where such an offer or solicitation is unlawful and, subject to certain exceptions is not for distribution in or into the United States, Canada, Japan, Australia, Israel or South Africa. The New Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under the applicable securities law of Canada, Japan, Australia, Israel or South Africa and, subject to certain exceptions, may not be offered for sale or subscription, or sold or subscribed directly or indirectly, within the United States, Canada, Japan, Australia, Israel or South Africa or to or by any national, resident or citizen of such countries.

Your attention is drawn to the letter from the Chairman of the Company which is set out in Part I of this document which contains the unanimous recommendation of the Directors that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting referred to below. Please read the whole of this document and, in particular, the risk factors set out in Part III of this document.

Copies of this document will be available free of charge during normal business hours on weekdays (excluding public holidays) for a period of one month from the date hereof from the offices of MJES, 10 Finsbury Square, London EC2A 1AD.

Contents

Definitions

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

"2009 Circular"	the Company's circular to Shareholders dated 8 December 2009
"Act"	the Companies Act 2006 (as amended)
"Admission"	the admission of the Enlarged Issued Share Capital to trading on AIM becoming effective in accordance with the AIM Rules
"AGM" or "Annual General Meeting"	the annual general meeting of the Company convened for 10.00 a.m. on 28 May 2010, notice of which is set out in the report and accounts of the Company accompanying this document
"AIM"	the AIM Market of the London Stock Exchange
"AIM Rules"	the AIM Rules for Companies published by the London Stock Exchange, as amended from time to time
"Application Form"	the application form accompanying this document to be used by Qualifying Shareholders in connection with the Open Offer
"Basic Entitlement"	the Open Offer Shares which a Qualifying Shareholder is entitled to subscribe for under the Open Offer calculated on the basis of 2 Open Offer Shares for every 600 Existing Ordinary Shares held by that Qualifying Shareholder
"Capital Reorganisation"	the proposed consolidation and sub-division of every 200 Existing Ordinary Shares into one New Ordinary Share and one New Deferred Share
"Code" or "Takeover Code"	The City Code on Takeovers and Mergers
"Company" or "Deo"	Deo Petroleum plc
"CREST"	the system for paperless settlement of trades and the holding of uncertificated shares administered through Euroclear UK & Ireland Limited
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
"Directors" or "the Board"	the directors of the Company as set out on page 9 of this document
"Enlarged Issued Share Capital"	the 6,054,376 New Ordinary Shares in issue on Admission
"Excess Applications"	applications pursuant to the Excess Application Facility
"Excess Application Facility"	the mechanism whereby Qualifying Shareholders can apply for Excess Shares up to a maximum number of Excess Shares equal to 4 times the number of Existing Ordinary Shares registered in their name as at the Open Offer Record Date, as more fully set out in Part I of this document
"Excess CREST Open Offer Entitlements"	the Excess Shares which Qualifying CREST Shareholders subscribe for above their Basic Entitlement under the Excess Application Facility

Definitions (continued)

"Excess Shares"	the Open Offer Shares which a Qualifying Shareholder is entitled to apply for in addition to their Basic Entitlement by virtue of the Excess Application Facility
"Excluded Overseas Shareholders"	Overseas Shareholders that are excluded from the Open Offer
"Existing Deferred Shares"	the 2,667,229 deferred shares of 24p each and the 22,988,200 deferred shares of 4.99p each in the capital of the Company in issue at the date of this document
"Existing Ordinary Shares"	the 330,681,200 ordinary shares of 0.01p each in the capital of the Company in issue at the date of this document
"Euroclear"	Euroclear UK & Ireland Limited
"Financial Promotion Order"	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended)
"Firm Subscribers"	persons who have agreed to subscribe for Firm Subscription Shares at the Subscription Price
"Firm Subscriber Shares"	the 3,298,700 New Ordinary Shares to be subscribed for by the Firm Subscribers pursuant to the Firm Subscription
"Firm Subscription"	the subscription by the Firm Subscribers for the Firm Subscriber Shares
"Firm Subscription Letters"	the agreements between the Company and the Firm Subscribers further details of which are set out in the paragraph entitled "The Fundraising" in Part I of this document
"Form(s) of Proxy"	the blue form of proxy accompanying this document for use in connection with the GM and the white forms of proxy accompanying this document for use in connection with the AGM, as appropriate
"FSA"	the Financial Services Authority
"Fundraising"	the Firm Subscription and the Subscription and Open Offer
"GM" or "General Meeting"	the General Meeting of the Company convened for 10.05 a.m. (or at such later time as the Annual General Meeting convened for the same day shall have concluded or been adjourned) on 28 May 2010, notice of which is set out on pages 49 to 52 of this document
"London Stock Exchange"	London Stock Exchange plc
"MJES"	Merchant John East Securities Limited
"Money Laundering Regulations"	the Money Laundering Regulations 2007
"New Deferred Shares"	the new deferred shares of 1p each arising from the Capital Reorganisation
"New Ordinary Shares"	the new ordinary shares of 1p each in the capital of the Company arising from the Capital Reorganisation

Definitions (continued)

"New Shares"	the New Ordinary Shares to be issued pursuant to the Fundraising
"Non-CREST Application Form"	the form which Qualifying Non-CREST Shareholders use to subscribe for Excess Shares
"Open Offer"	the conditional offer to Qualifying Shareholders to subscribe for the Open Offer Shares at the Subscription Price, as described in this document
"Open Offer Entitlements"	an entitlement to subscribe for Open Offer Shares, allocated to a Qualifying Shareholder pursuant to an Open Offer
"Open Offer Record Date"	the close of business on 30 April 2010
"Open Offer Shares"	the 1,102,270 New Ordinary Shares which are to be made available for subscription by Qualifying Shareholders under the Open Offer
"Overseas Shareholders"	Qualifying Shareholders resident in, or who are citizens of, or who have a registered address in, countries other than the UK
"Panel"	the Panel on Takeovers and Mergers
"Proposals"	the proposals set out in this document
"Prospectus Rules"	the Prospectus Rules published by the FSA
"Qualifying CREST Shareholders"	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company on the Open Offer Record Date are in uncertificated form
"Qualifying Non-CREST Shareholders"	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company on Open Offer Record Date are held in certificated form
"Qualifying Shareholders"	holders of Existing Ordinary Shares at the Open Offer Record Date
"Receiving Agent"	Neville Registrars Limited
"Regulatory Information Service"	any channel recognised as a channel for the dissemination of information as defined in the glossary of terms in the AIM Rules for Companies
"Resolutions"	the resolutions set out in the notice of the General Meeting on pages 49 to 50 of this document
"Restricted Jurisdiction"	any of the United States, Canada, Japan, Australia, Israel or South Africa
"Shareholders"	holders of Existing Ordinary Shares
"Subscribers"	persons who have conditionally agreed to subscribe for Subscription Shares at the Subscription Price
"Subscription"	the conditional subscription for the Subscription Shares at the Subscription Price

Definitions (continued)

“Subscription Letters”	the agreements made between the Company and the Subscribers further details of which are set out in the paragraph entitled “The Fundraising” in Part I of this document
“Subscription Price”	13p per New Ordinary Share
“Subscription Shares”	the up to 1,102,270 New Ordinary Shares conditionally subscribed for by the Subscribers pursuant to the Subscription
“US Securities Act”	the United States Securities Act of 1933 (as amended)

Expected timetable of events

Open Offer Record Date	Close of Business on 30 April 2010
Despatch of this document and the Application Forms and Forms of Proxy	5 May 2010
Open Offer Entitlements credited to CREST stock accounts of Qualifying CREST Shareholders	6 May 2010
Latest time for depositing Open Offer Entitlements into CREST	3.00 p.m. on 21 May 2010
Latest time for splitting Application Forms (to satisfy *bona fide* market claims)	3.00 p.m. on 24 May 2010
Latest time and date for receipt of white form of proxy to be valid at the Annual General Meeting	10.00 a.m. on 26 May 2010
Latest time and date for receipt of blue Form of Proxy for the General Meeting	10.05 a.m. on 26 May 2010
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)	11.00 a.m. on 27 May 2010
Expected time and date of announcement of results of Open Offer	7.00 a.m. on 28 May 2010
Annual General Meeting	10.00 a.m. on 28 May 2010
General Meeting	10.05 a.m. on 28 May 2010
Record Date for the Capital Reorganisation	6.00 p.m. on 28 May 2010
Admission effective and dealings in New Shares commence on AIM	1 June 2010
CREST accounts expected to be credited	1 June 2010
Share certificates expected to be despatched by	7 June 2010

Notes:

(1) If you have any questions on the procedure for acceptance and payment, you should contact Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 4DA, telephone: Neville Registrars on 0121 585 1131 between 9.00 a.m. and 5.00 p.m. Neville Registrars cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

(2) The dates set out in the Expected timetable of events above and mentioned throughout this document may be adjusted by the Company in which event details of the new dates will be notified to AIM and, where appropriate to Shareholders.

(3) All references to time in this document are to time in London.

Subscription and Open Offer statistics

Subscription Price per New Share	13p
Equivalent subscription price per Existing Ordinary Share	0.065p
Number of Existing Ordinary Shares	330,681,200
Number of New Ordinary Shares in issue following the Capital Reorganisation but before the issue of the New Shares	1,653,406
Firm Subscription Shares to be issued by the Company	3,298,700
Subscription Shares and Open Offer Shares to be issued by the Company	1,102,270
Estimated proceeds of the Firm Subscription and the Subscription and the Open Offer	£572,126.10
Percentage of the Enlarged Issued Share Capital represented by the New Shares	72.7 per cent.
Number of New Ordinary Shares in issue at Admission	6,054,376
ISIN following Admission	GB00B3PZFR25

PART I

Letter from the Chairman

Deo Petroleum plc

(Incorporated in England and Wales with registered number 03882653)

Directors	*Registered Office*
Kevin Aubrey Francis Burke, FCA *(Executive Chairman)*	5 Old Bailey
David Lee Marshall *(Chief Executive Officer)*	London EC4M 7BA
Nicolas David Antony Greenstone *(Non-Executive Director)*	
Rakesh Ramesh Patel *(Non-Executive Director)*	

5 May 2010

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

Dear Shareholder,

Proposed Firm Subscription of 3,298,700 New Ordinary Shares at 13p per share and Subscription and Open Offer of up to 1,102,270 New Ordinary Shares at 13p per share, Capital Reorganisation and Notice of General Meeting

Introduction

In the 2009 Circular sent to Shareholders, the Board set out the Company's new investing policy, along with a proposed change of name to Deo Petroleum plc to reflect the change in activities. The 2009 Circular stated that, in accordance with the Company's investing policy, the Board had identified a highly experienced team of oil and gas industry executives with proven expertise of oil and gas project delivery which they intended to appoint as soon as possible. In addition, it was stated that investments in oil and gas projects, in accordance with the Company's investing policy, are capital intensive and, therefore, the Board would have to seek additional capital for the Company immediately.

The Board has now concluded negotiations with the proposed executive team and, in addition, I am delighted to report that, earlier today, the Company announced that it intends to raise £572,126 before expenses by means of a firm subscription for 3,298,700 New Ordinary Shares and subscription and open offer for 1,102,270 New Ordinary Shares, at 13p per New Ordinary Share, following the implementation of the Capital Reorganisation, the terms of which are set out below. The Firm Subscription and the Subscription and the Open Offer are conditional, amongst other things on Shareholder approval of the Resolutions and Admission becoming effective by 8.00 a.m. on 1 June 2010 (or such later date as the Company may determine, being not later than 30 June 2010).

The Firm Subscribers will comprise, amongst others, Adrian Jones, Richard Mays, Michael Coulthard and Gregor Goodwin, who comprise the executive team referred to above. Gregor Goodwin is an experienced Chartered Accountant who, conditional on Admission, will join the Board. Adrian Jones, Richard Mays and Michael Coulthard have significant experience in the oil and gas sector and have agreed, conditional on Admission, to join the Company as senior executives initially on a consultancy basis. The Board is confident that the new senior management team will be able to fulfil the Company's investing policy and to implement, in the longer term, the Company's objective of delivering shareholder returns from oil and gas development and production.

The purpose of this letter is to give you further information on the new executive team, the Firm Subscription and the Subscription and the Open Offer, to explain why the Board considers the Fundraising to be in the best interests of the Company and its Shareholders as a whole and why the

Directors recommend that you vote in favour of the Resolutions and to seek your approval to the Proposals at the GM.

Board changes and proposed senior management team

Conditional on Admission, Gregor Goodwin will be appointed as Chief Financial Officer of the Company. In addition, conditional on Admission, Richard Mays, Adrian Jones and Michael Coulthard will form the Company's senior management team initially providing their services on a consultancy basis. Further information on Gregor Goodwin, Richard Mays, Adrian Jones and Michael Coulthard is set out below:

Gregor Goodwin (proposed Chief Financial Officer), aged 38, is a qualified Chartered Accountant and has 18 years of Finance and Private Equity experience. Gregor trained with KPMG where he spent seven years working on a broad mix of audit, transaction services, and corporate finance assignments. Following KPMG, he joined 3i plc and spent six years in the European buyout team, focusing on buyout and growth capital investments across a range of industry sectors. Following 3i, Gregor joined Bank of Scotland Integrated Finance where he spent four years leading the bank's investments in some high profile buyouts. Since 2009 he has been working as an independent financial consultant to a number of private and public companies. In addition to being a qualified Chartered Accountant, Gregor holds a First Class Honours Degree from Glasgow University, and Securities Institute qualifications.

Senior management team

Richard Mays (proposed Vice President, Commercial and General Counsel), has wide ranging oil and gas legal and commercial expertise (operator and contractor). Richard has been a qualified Solicitor and Notary Public for 16 years. He was formerly Professor of Law at Robert Gordon University, Aberdeen. He holds a Master's Degree in Commercial Law from University of Aberdeen and a PhD in Corporate Criminal Liability from University of Edinburgh. Richard was formerly VP Commercial Operations with Oilexco North Sea Limited where he led commercial, legal and supply chain teams. He has served on several oil and gas industry bodies, including the UK Oil and Gas Operators Legal Committee and the Joint Operating Agreement Working Party. Richard has extensive training experience with oil and gas professionals.

Adrian Jones (proposed Vice President, Operations), has 23 years of broad petroleum experience, including operated and contracted functions with Marathon, Baker Hughes INTEQ, Transocean and Oilexco North Sea Limited. Between 2005 and 2009, Adrian was the Drilling and Completion Manager for Oilexco North Sea Limited which during this period was one of the most active operators of exploration and appraisal wells in the UK sector of the North Sea. Adrian is an experienced professional with over 23 years within the industry including design and supervision of drilling, completions, workovers and well testing operations. Adrian has an MSc in Petroleum Engineering from Imperial College, London.

Michael Coulthard (proposed Vice President, Engineering), has 30 years of experience in subsea developments and drilling engineering, including with Hess Corporation, UWG, Smedvig, Ingen, and Oilexco North Sea Limited. Michael was responsible for the delivery of the Brenda and Nicol developments. He has industry recognition for effective use of new technology. Michael has performed engineering and management roles in a wide range of disciplines including project management of Field development, management and supervision of Subsea and platform well intervention and abandonment, Well design and completions. Michael is a Chartered Engineer, and has a BSc (Hons) in Petroleum Engineering from Imperial College, London.

Current trading

Since Kevin Burke and David Marshall acquired control of the Company on 31 December 2009, significant work has been undertaken to develop the Company's stated investing policy, including discussions with the incoming investor group. The Directors now believe that with the addition of the investor group, there will exist the requisite experience and expertise to develop suitable stranded asset opportunities in the North and Irish Seas. A list of potential projects which match the Board's investment criteria has already been produced. Subject to approval of the Proposals, detailed work will be commenced shortly to further evaluate and qualify suitable projects, prior to engagement with potential vendors and partners.

Capital Reorganisation

The Capital Reorganisation is being proposed because the Board believe that the proposed consolidation will reduce the overheads of the Company and help to increase liquidity when trading in the New Ordinary Shares commences. The Board also believes that the Company, subject to approval of the Proposals, will have an unusually high number of shares in issue. The Board has decided that a share reorganisation will be effected on the basis of one New Ordinary Share and one New Deferred Share for every 200 Existing Ordinary Shares.

Holders of fewer than 200 Existing Ordinary Shares will not be entitled to receive a New Ordinary Share following the Capital Reorganisation. Shareholders with a holding in excess of 200 Existing Ordinary Shares, but which is not exactly divisible by 200, will have their holding of New Ordinary Shares rounded down to the nearest whole number of New Ordinary Shares following the Capital Reorganisation. Fractional entitlements, whether arising from holdings of fewer or more than 200 Existing Ordinary Shares, will be sold in the market and the proceeds will be retained for the benefit of the Company.

The Existing Ordinary Shares have been admitted to CREST. Application will be made for Enlarged Issued Share Capital to be admitted to CREST, all of which may then be held and transferred by means of CREST. It is expected that the New Ordinary Shares arising as a result of the Capital Reorganisation in respect of Existing Ordinary Shares held in uncertificated form, i.e. in CREST, will be credited to the relevant CREST accounts on 1 June 2010 and that definitive share certificates in respect of the New Ordinary Shares arising as a result of the Capital Reorganisation from Existing Ordinary Shares held in certificated form will be dispatched to relevant Shareholders by 7 June 2010. No temporary documents of title will be issued. Share certificates in respect of Existing Ordinary Shares will remain valid until superseded by certificates issued in respect of New Ordinary Shares and, pending delivery of share transfers in respect of New Ordinary Shares, will be certified against the register. The record date of the Capital Reorganisation is 28 May 2010.

The rights attaching to the New Ordinary Shares will be identical in all respects to those of the Existing Ordinary Shares.

The New Deferred Shares will have no voting rights and will not carry any entitlement to attend general meetings of the Company; nor will they be admitted to trading on AIM or any other market. They will not carry any dividend rights and will only be entitled to a payment on a return of capital or winding up of the Company after each New Ordinary Share has received a payment of £10,000. They are not transferable without the written consent of the Company.

Accordingly, the New Deferred Shares will, for all practical purposes, be valueless and it is the Board’s intention, at an appropriate time, to have the New Deferred Shares cancelled, whether through an application to the Companies Court or otherwise. No certificates will be issued in respect of the New Deferred Shares.

The Fundraising

(a) Firm Subscription

The Company is proposing to raise approximately £429,000 (before expenses) by means of the Firm Subscription. The Firm Subscribers, including Kevin Burke, David Marshall, Nicolas Greenstone, Rakesh Patel, Adrian Jones, Richard Mays, Mike Coulthard and Gregor Goodwin, have conditionally agreed pursuant to the terms of the Firm Subscription Letters to subscribe for up to 3,298,700 New Ordinary Shares in the Firm Subscription which will represent 54.5 per cent. of the Enlarged Issued Share Capital.

The Firm Subscription is conditional, *inter alia*, upon Admission of the Firm Subscription Shares to trading on AIM.

The Firm Subscription Shares, when issued and fully paid, will rank equally in all respects with the issued New Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the relevant Admission.

It is expected that Admission will become effective and dealings in the Firm Subscription Shares and the issued New Ordinary Shares will commence on 1 June 2010.

The Firm Subscription is also conditional upon the passing of all the Resolutions. Accordingly, the Company has convened the General Meeting, notice of which is set out at the end of this document.

Following the Capital Reorganisation and the Fundraising, the Company will have 6,054,376 New Ordinary Shares in issue and admitted to trading on AIM.

(b) Subscription and Open Offer

Structure

The Company considers it important that Qualifying Subscribers have an opportunity to participate in the fundraising and indeed the 2009 Circular stated that an additional capital raising would be undertaken by the Company in the new year and that Shareholders would be given the opportunity to participate. The Directors have concluded that the Open Offer is the most suitable option available to the Company and its Shareholders.

Pursuant to the Open Offer, Qualifying Shareholders will be given the opportunity to subscribe for up to 1,102,270 New Ordinary Shares at 13 pence per Open Offer Share (to raise gross proceeds of approximately £143,000). In connection with the Subscription and Open Offer, the Subscribers have conditionally agreed pursuant to the terms of the Subscription Letters to subscribe for all of the Open Offer Shares subject to clawback to satisfy valid applications from Qualifying Shareholders under the Open Offer. Kevin Burke and David Marshall have undertaken not to take up any of their entitlement under the Open Offer thus allowing other Qualifying Shareholders to acquire additional shares in addition to their pro rata entitlement.

Allocations under the Open Offer

In the event that valid acceptances are not received in respect of any of the Open Offer Shares under the Open Offer, unallocated Open Offer Shares may be allotted to Qualifying Shareholders to meet any valid applications under the Excess Application Facility.

Basic Entitlements

Prior to the proposed Capital Reorganisation, and subject to the fulfilment of the conditions set out below and in Part II of this document, Qualifying Shareholders are being given the opportunity, on and subject to the terms and conditions of the Open Offer, to apply for any number of Open Offer Shares (subject to the limit on the number of Excess Shares that can be applied for using the Excess Application Facility) at the Subscription Price. Qualifying Shareholders have a Basic Entitlement of:

2 Open Offer Shares for every 600 Existing Ordinary Shares

registered in the name of the relevant Qualifying Shareholder on the Open Offer Record Date.

Basic Entitlements under the Open Offer will be rounded down to the nearest whole number and any fractional entitlements to Open Offer Shares will be disregarded in calculating Basic Entitlements and will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility. Qualifying Shareholders with fewer than 600 Existing Ordinary Shares will not be able to apply for Excess Shares pursuant to the Excess Application Facility.

The aggregate number of Open Offer Shares available for subscription pursuant to the Open Offer will not exceed 1,102,270 New Ordinary Shares.

Excess Application Facility

Subject to availability, the Excess Application Facility enables Qualifying Shareholders to apply for any whole number of Excess Shares in excess of their Basic Entitlement up to a maximum number of Excess Shares equal to 4 times the number of Existing Ordinary Shares registered in their name as at the Open Offer Record Date. Qualifying Non-CREST Shareholders who wish to apply to subscribe for more than their Basic Entitlement should complete the relevant sections on the Non-CREST Application Form. Qualifying CREST Shareholders will have Excess CREST Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 4.2 of Part II (*Terms and conditions of the Open Offer*) for information on how to apply for Excess Shares pursuant to the Excess Application Facility. Excess applications may be allocated in such manner as the Directors determine, in their absolute discretion, and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full or in part or at all.

Application procedure under the Open Offer

Qualifying Shareholders may apply for any whole number of Open Offer Shares subject to the limit on applications under the Excess Application Facility referred to above. The Basic Entitlement, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Basic Entitlements as shown in Box 2 on their Non-CREST Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Basic Entitlements standing to the credit of their stock account in CREST. Qualifying Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating their Basic Entitlements.

Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Basic Entitlement and also in respect of their Excess CREST Open Offer Entitlement at 8.00 a.m. on 6 May 2010.

Application will be made for the Basic Entitlements and Excess CREST Open Offer Entitlements to be admitted to CREST. The Basic Entitlements and Excess CREST Open Offer Entitlements will also be enabled for settlement in CREST at 8.00 a.m. on 6 May 2010. Applications through the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

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

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part II (*Terms and conditions of the Open Offer*) and, where relevant, on the Non-CREST Application Form.

Conditionality

The Open Offer is conditional upon the following:

- the passing of the Resolutions to be proposed at the General Meeting to be held on 28 May 2010;
- Admission of the New Ordinary Shares becoming effective by not later than 8.00 a.m. on 1 June 2010 (or such later date as the Company may determine, being not later than 30 June 2010); and
- the Subscription Letters becoming unconditional in all respects and not being terminated prior to Admission.

If the Resolutions are not passed or Admission does not take place at 8.00 a.m. on 1 June 2010 (or such later time and/or date as the Company may determine, not being later than 30 June 2010), or if the Subscription Letters are terminated, the Open Offer will lapse, any Basic Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will, after that time and date be disabled and application monies under the Open Offer will be refunded to the applicants, by cheque (at the applicant's risk) in the case of Qualifying Non-CREST Shareholders and by way of a CREST payment in the case of Qualifying CREST Shareholders, without interest, as soon as practicable thereafter.

Application for Admission

Application will be made to the London Stock Exchange for the Enlarged Issued Share Capital to be admitted to trading on AIM. Subject to, among other things, the Resolutions being passed, it is expected that Admission will become effective at 8.00 a.m. on 1 June 2010 and that dealings for normal settlement in the New Ordinary Shares will commence at 8.00 a.m. on the same day. No temporary documents of title will be issued.

The Open Offer Shares to be issued pursuant to the Open Offer will, following Admission, rank *pari passu* in all respects with the Existing Ordinary Shares in issue at the date of this document and will carry the right to receive all dividends and distributions declared, made or paid on or in respect of the New Ordinary Shares after Admission.

Important notice

Shareholders should note that the Open Offer is not a rights issue. Qualifying Shareholders should be aware that in the Open Offer, unlike with a rights issue, any Open Offer Shares not applied for by Qualifying Shareholders under their Basic Entitlements will not be sold in the market on behalf of, or placed for the benefit of, Qualifying Shareholders who do not apply under the Open Offer, but may be allotted to Qualifying Shareholders to meet any valid applications under the Excess Application Facility or to the Subscribers and that the net proceeds will be retained for the benefit of the Company.

Any Qualifying Shareholder who has sold or transferred all or part of his registered holding(s) of Existing Ordinary Shares prior to the close of business on 30 April 2010 is advised to consult his stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him by the purchasers under the rules of the London Stock Exchange.

Effect of the Subscription and Open Offer

Upon completion of the Open Offer, the Subscription Shares and the Open Offer Shares will represent approximately 18.2 per cent. of the Enlarged Issued Share Capital.

Open Offer Shares

The Open Offer Shares will be issued pursuant to authorities to be sought at the General Meeting. Following the issue of the Open Offer Shares pursuant to the Open Offer, a Qualifying Shareholder who does not take up any of his Basic Entitlement (and does not take up any Excess Shares under the Excess Application Facility) will suffer a dilution of approximately 73 per cent. to his economic interests in the Company. If a Qualifying Shareholder subscribes for his Basic Entitlement in full but does not take up any Excess Shares under the Excess Application Facility he will suffer a dilution of approximately 54 per cent. to his economic interests in the Company. If a Qualifying Shareholder subscribes for his Basic Entitlement and the maximum number of Excess Shares under the Excess Application Facility, he will not suffer any dilution to his economic interests in the Company.

Kevin Burke and David Marshall, both of whom are directors of the Company, are beneficially interested in 307,673,000 Existing Ordinary Shares, equivalent to 93.05 per cent. of the Existing Shares, and have an aggregate entitlement under the Open Offer of up to 1,025,662 Open Offer Shares. Kevin Burke and David Marshall have undertaken to not take up any of their entitlement under the Open Offer.

The Code

Kevin Burke, David Marshall, Adrian Jones, Richard Mays and Michael Coulthard all previously worked for the same substantial oil and gas company, as such, the individuals named above are deemed to be acting in concert for the purposes of the Code. Therefore, Kevin Burke, David Marshall, Gregor

Goodwin, Adrian Jones, Richard Mays, Michael Coulthard and Ffion Jones, Charlotte Coulthard, Harry Coulthard and John Goodwin (who are related to Adrian Jones, Michael Coulthard and Gregor Goodwin respectively) are deemed to be acting in concert for the purposes of the Code.

Previously, Shareholders approved the issue of 307,693,000 Existing Ordinary Shares, equivalent to 93.05 per cent. of the currently issued share capital, to Kevin Burke and David Marshall (the "Existing Concert Party"). Due to the relationships between the connected Subscribers and David Marshall and Kevin Burke, the Existing Concert Party is deemed to have been enlarged by the addition of Gregor Goodwin, Adrian Jones, Richard Mays, Michael Coulthard and Ffion Jones, Charlotte Coulthard, Harry Coulthard and John Goodwin (together, the "Enlarged Concert Party").

At present, the Existing Concert Party's aggregate shareholding is 307,693,000 Existing Ordinary Shares, equivalent to 93.05 per cent. of the currently issued share capital, and, following Admission, the Enlarged Concert Party's aggregate holding will be 4,538,589 New Ordinary Shares, equivalent to 74.96 per cent. of the Enlarged Issued Share Capital.

On Admission the members of the Enlarged Concert Party will continue to be interested in shares carrying more than 50 per cent. of the voting rights of the Company and (for as long as they continue to be treated as acting in concert) would be able to acquire further shares, without incurring an obligation to make an offer to shareholders of the Company under Rule 9, although individual members of the Enlarged Concert Party will not be able to increase their percentage interests in shares through 30 per cent. or between 30 and 50 per cent. of the voting rights of the Company without Panel consent.

Directors' participation

Pursuant to the terms of the Firm Subscription Letters, the Directors have subscribed for New Ordinary Shares in the Firm Subscription. The total number of New Ordinary Shares subscribed for and the subsequent holdings of the Directors are as follows:

	New Ordinary Shares subscribed for	Total no. of New Ordinary Shares held	Percentage of voting share capital held on Admission
Kevin Burke	128,200	1,153,845	19.06
David Marshall	641,100	1,153,920	19.06
Nicolas Greenstone	77,000	77,877	1.29
Rakesh Patel	77,000	77,500	1.28

Due to the size of their subscriptions, the entry into the Firm Subscription Letters by Kevin Burke and David Marshall constitutes a related party transaction for the purposes of the AIM Rules. MJES, the Company's nominated adviser, considers that the terms of Mr Burke's and Mr Marshall's participation in the Fundraising are fair and reasonable insofar as Shareholders are concerned.

Annual General Meeting

A notice convening the Annual General Meeting of the Company for 10.00 a.m. on 28 May 2010 to be held at the offices of MJES, 10 Finsbury Square, London EC2A 1AD is set out at the end of the report and accounts of the Company for the year ended 31 December 2009 which accompany this document. At the Annual General Meeting resolutions will be proposed dealing, *inter alia*, with the ordinary business to be transacted including the approval of the report and accounts for the year ended 31 December 2009.

General Meeting

You will find set out at the end of this document a notice convening the GM to be held at the offices of MJES, 10 Finsbury Square, London EC2A 1AD on 28 May 2010 at 10.05 a.m (or such later time as the Annual General Meeting convened for the same day shall have concluded or been adjourned).

The Resolutions consist of:

(a) an ordinary resolution to authorise the Directors to allot, *inter alia*, the New Shares;

(b) an ordinary resolution to authorise the Directors to allot certain New Ordinary Shares in the event of a rights issue;

(c) a special resolution to approve the Capital Reorganisation; and

(d) a special resolution to disapply statutory pre-emption rights in respect of, *inter alia*, the allotment of the Subscription Shares and the Firm Subscription Shares.

Action to be taken in respect of the Annual General Meeting

A white form of proxy for use by Shareholders at the Annual General Meeting is enclosed with this document. If you are unable to be present at the Annual General Meeting, please complete the white form of proxy and return it to the Company's registrars, Neville Registrars at Neville House, 18 Laurel House, Halesowen, West Midlands, B63 3DA to be received as soon as possible and, in any event, by no later than 10.00 a.m. on 26 May 2010. **If you hold Existing Ordinary Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to the Registrar (CREST participant ID 7RA11), so that it is received by no later than 10.00 a.m. on 26 May 2010. The completion and return of a CREST Proxy Instruction will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof, if you so wish and are so entitled**. The completion and return of the white Form of Proxy or a CREST Proxy Instruction will not preclude you from attending the Annual General Meeting and voting in person if you wish to do so.

If the Form of Proxy is not returned or the CREST Proxy Instruction submitted by 10.00 a.m. on 26 May 2010, your proxy vote will not count.

Action to be taken in respect of the General Meeting

Shareholders will find enclosed with this document a blue Form of Proxy for use at the GM. The blue Form of Proxy should be completed and returned in accordance with the instructions printed thereon so as to arrive at the Company's registrars, Neville Registrars at Neville House, 18 Laurel House, Halesowen, West Midlands B63 3DA as soon as possible and in any event not later than 10.05 a.m. on 26 May 2010. **If you hold Existing Ordinary Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to the Registrar (CREST participant ID 7RA11), so that it is received by no later than 10.05 a.m. on 26 May 2010. The completion and return of a CREST Proxy Instruction will not preclude you from attending and voting in person at the General Meeting or any adjournment thereof, if you so wish and are so entitled**. The completion and return of the blue Form of Proxy or a CREST Proxy Instruction will not preclude you from attending the General Meeting and voting in person if you wish to do so.

If the Form of Proxy is not returned or the CREST Proxy Instruction submitted by 10.05 a.m. on 26 May 2010, your vote will not count.

Action to be taken in respect of the Open Offer

Qualifying Non-CREST Shareholders (i.e. holders of Existing Ordinary Shares who hold their Existing Ordinary Shares uncertificated form)

If you are a Qualifying Non-CREST Shareholder you will receive a Non-CREST Application Form which gives details of your Basic Entitlement under the Open Offer (as shown by the number of Basic Entitlements set out in Box 2 of the Non-CREST Application Form). If you wish to apply for Open Offer Shares under the Open Offer, you should complete the Non-CREST Application Form in accordance with the procedure for application set out in paragraph 4.1 of Part II (*Terms and conditions of the Open Offer*) and on the Non-CREST Application Form itself. Qualifying non-CREST Shareholders who wish to subscribe for more than their Basic Entitlement should complete Boxes 6, 7, 8 and 9 on the Non-CREST Application Form. Completed Non-CREST Application Forms, accompanied by full payment in accordance with the instructions in paragraph 4.1(d) of Part II (*Terms and conditions of the Open Offer*), should be posted using the accompanying reply-paid envelope (if posted from the UK) or returned by post or by hand (during normal business hours only) to Neville Registrars, Neville House, 18 Laurel House, Halesowen, West Midlands B63 3DA, in either case, as soon as possible and in any event so as to be received by no later than 11.00 a.m. on 27 May 2010. If you do not wish to apply for any Open Offer Shares under the Open Offer, you should not complete or return the Non-CREST Application Form.

Qualifying CREST Shareholders (i.e. holders of Existing Ordinary Shares who hold their Existing Ordinary Shares in uncertificated form)

If you are a Qualifying CREST Shareholder you will not be sent a Non-CREST Application Form. You will receive a credit to your appropriate stock account in CREST in respect of the Basic Entitlement under the Open Offer and also an Excess CREST Open Offer Entitlement for use in connection with the Excess Application Facility. You should refer to the procedure for application set out in paragraph 4.2 of Part II (*Terms and conditions of the Open Offer*). The relevant CREST instructions must have settled in accordance with the instructions in paragraph 4.2 of Part II (*Terms and conditions of the Open Offer*) by no later than 11.00 a.m. on 27 May 2010.

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

If you are in any doubt as to the action you should take, you should immediately seek your own personal financial advice from an appropriately qualified independent professional adviser.

Taxation

Your attention is drawn to the taxation section contained in paragraph 9 of Part II of this document. If you are in any doubt as to your tax position, you should consult your own independent financial adviser immediately.

Other information

Your attention is drawn to Parts II to III of this document which provide additional information on the matters detailed above.

Irrevocables

David Marshall and I have irrevocably undertaken to not take up our entitlement under the Open Offer, in respect of our beneficial holdings totalling 307,693,000 Existing Ordinary Shares in aggregate, which represents 93.05 per cent. of the Existing Ordinary Shares.

Directors' Recommendation

The Directors unanimously believe that the Proposals are in the best interest of the Company and its Shareholders and recommend Shareholders vote in favour of the Resolutions, as they intend to do in respect of their aggregate shareholding of 307,968,500 Existing Ordinary Shares, equivalent to 93.13 per cent. of the existing ordinary share capital.

Yours faithfully

Kevin Burke
Executive Chairman

PART II

Terms and Conditions of the Open Offer

1. Introduction

The Company proposes to issue 1,102,270 New Ordinary Shares in order to raise gross proceeds of approximately £143,000 by way of the Open Offer. Upon completion of the Open Offer, the Subscription Shares will represent approximately 18.2 per cent. of the Enlarged Issued Share Capital.

The New Ordinary Shares to be issued pursuant to the Open Offer will, following Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will carry the right to receive all dividends and distributions declared, made or paid on or in respect of the New Ordinary Shares to be issued pursuant to the Capital Reorganisation after Admission.

Subject to and in accordance with the terms of the Subscription Letters, the Subscribers have conditionally agreed to subscribe for all of the Open Offer Shares subject to clawback to satisfy valid applications from Qualifying Shareholders under the Open Offer.

The Open Offer is an opportunity for Qualifying Shareholders to apply to subscribe for Open Offer Shares at the Subscription Price in accordance with the terms of the Open Offer.

Any Qualifying Shareholder who has sold or transferred all or part of his registered holding of Existing Ordinary Shares prior to the close of business on 30 April 2010 is advised to consult his stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him by the purchasers under the rules of the London Stock Exchange.

A summary of the arrangements relating to the Open Offer is set out below. This document and, for Qualifying Non-CREST Shareholders, the Non-CREST Application Form contain the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 4 of this Part II (*Terms and conditions of the Open Offer*) which gives details of the procedure for application and payment for the Open Offer Shares.

2. The Open Offer

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, in the Non-CREST Application Form), Qualifying Shareholders are being given the opportunity to apply for any number of Open Offer Shares (subject to the limit on the number of Excess Shares that can be applied for using the Excess Application Facility) at the Subscription Price (payable in full on application and free of all expenses) and will have a Basic Entitlement of:

2 Open Offer Shares for every 600 Existing Ordinary Shares

registered in the name of each Qualifying Shareholder on the Open Offer Record Date and so in proportion for any other number of Existing Ordinary Shares then registered. Applications by Qualifying Shareholders will be satisfied in full up to their Basic Entitlements.

Basic Entitlements will be rounded down to the nearest whole number and any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders' Basic Entitlements and will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility. Qualifying Shareholders with fewer than 600 Existing Ordinary Shares will not be able to apply for Excess Shares under the Excess Application Facility.

Qualifying Shareholders may apply to acquire less than their Basic Entitlement should they so wish. In addition, Qualifying Shareholders may apply to acquire Excess Shares using the Excess Application Facility, up to a maximum number of Excess Shares equal to 4 times the number of Existing Ordinary Shares (or equivalent as adjusted by the Capital Reorganisation) registered in their name as at the Open

Offer Record Date. Please refer to paragraphs 4.1(c) and 4.2(c) of this Part II (*Terms and conditions of the Open Offer*) for further details of the Excess Application Facility.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating Basic Entitlements, as will holdings under different designations and in different accounts.

Qualifying CREST Shareholders will have their Basic Entitlements and Excess CREST Open Offer Entitlements credited to their stock accounts in CREST and should refer to paragraphs 4.2(a) to 4.2(l) of this Part II (*Terms and conditions of the Open Offer*) and also to the CREST Manual for further information on the relevant CREST procedures.

Qualifying Shareholders may apply to acquire any number of Open Offer Shares subject to the limit on applications under the Excess Application Facility referred to below. The Basic Entitlement, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Open Offer Shares shown in Box 2 on the Non-CREST Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Basic Entitlements standing to the credit of their stock account in CREST.

The Excess Application Facility enables Qualifying Shareholders to apply for any whole number of Excess Shares in excess of their Basic Entitlement up to a maximum number of Excess Shares equal to 4 times the number of Existing Ordinary Shares (or equivalent as adjusted by the Capital Reorganisation) registered in their name as at the Open Offer Record Date. Qualifying Non-CREST Shareholders who wish to apply to subscribe for more than their Basic Entitlement should complete Boxes 6, 7, 8 and 9 on the Non-CREST Application Form. Excess applications may be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that applications by Qualifying Shareholders will be met in full or in part or at all.

The aggregate number of Open Offer Shares available for subscription (excluding the entitlements of Kevin Burke and David Marshall) pursuant to the Open Offer (including under the Excess Application Facility) is 76,608 New Ordinary Shares.

Following the issue of the New Ordinary Shares pursuant to the Open Offer, a Qualifying Shareholder who does not take up any of his Basic Entitlement (and does not take up any Excess Shares under the Excess Application Facility) will suffer a dilution of approximately 73 per cent. to his economic interests in the Company. If a Qualifying Shareholder subscribes for his Basic Entitlement in full but does not take up any Excess Shares under the Excess Application Facility he will suffer a dilution of approximately 54 per cent. to his economic interests in the Company. If a Qualifying Shareholder subscribes for his Basic Entitlement and the maximum number of Excess Shares under the Excess Application Facility, he will not suffer any dilution to his economic interests in the Company.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. Qualifying Non-CREST Shareholders should also note that their Non-CREST Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Basic Entitlements and Excess CREST Open Offer Entitlements will be credited to CREST and be enabled for settlement, applications in respect of Basic Entitlements and Excess CREST Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Open Offer Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply to take up their Basic Entitlements and Excess CREST Open Offer Entitlements, but may be allotted to Qualifying Shareholders to meet any valid applications under the Excess Application Facility or will be subscribed for in the Subscription and the net proceeds will be retained for the benefit of the Company. Qualifying Shareholders who do not apply to take up Open Offer Shares will have no rights under the Open Offer. If valid acceptances are not received in respect of all the Open Offer Shares under the Open Offer, unallocated Open Offer Shares may be allotted to Qualifying Shareholders to meet any valid applications under the Excess Application Facility or will be subscribed by certain investors pursuant to the Open Offer and the net proceeds will be retained for the benefit of the Company.

The Existing Ordinary Shares are already admitted to CREST. All New Ordinary Shares will have a new ISIN and when issued and fully paid, may be held and transferred by means of CREST.

Application will be made for the Basic Entitlements and Excess CREST Open Offer Entitlements to be admitted to CREST. The conditions for such admission having already been met, the Basic Entitlements and Excess CREST Open Offer Entitlements are expected to be admitted to CREST with effect from 6 May 2010.

The Open Offer Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares. The Open Offer Shares are not being made available in whole or in part to the public except under the terms of the Open Offer.

3. Conditions and further terms of the Open Offer

The Open Offer is conditional upon the following:

(a) the passing of the Resolutions to be proposed at the General Meeting to be held on 28 May 2010;

(b) Admission of the New Ordinary Shares becoming effective by not later than 8.00 a.m. on 1 June 2010 (or such later date as the Company may determine, being not later than 30 June 2010); and

(c) the Subscription Letters becoming unconditional in all respects.

Accordingly, if any of these conditions are not satisfied or waived (where capable of waiver), the Open Offer will not proceed and any applications made by Qualifying Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter. Revocation of applications for New Ordinary Shares cannot occur after dealings have begun.

No temporary documents of title will be issued in respect of Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up are expected to be posted to those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in certificated form on or before 7 June 2010. In respect of those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their stock accounts maintained in CREST on or before 1 June 2010.

Application will be made for the Enlarged Issued Share Capital to be admitted to trading on AIM. Admission is expected to occur on 1 June 2010, when dealings in the Open Offer Shares are expected to begin.

All monies (other than the first £10,000 received) received by the Receiving Agent in respect of Open Offer Shares will be placed on deposit by the Receiving Agent.

If for any reason it becomes necessary to adjust the expected timetable as set out in this document, the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

4. Procedure for application and payment

The action to be taken by Qualifying Shareholders in respect of the Open Offer depends on whether, at the relevant time, a Qualifying Shareholder has a Non-CREST Application Form in respect of his Basic Entitlement or a Qualifying Shareholder has Basic Entitlements and Excess CREST Open Offer Entitlements credited to his CREST stock account in respect of such entitlement.

Qualifying Shareholders who hold their Existing Ordinary Shares in certificated form will be allotted Open Offer Shares in certificated form. Qualifying Shareholders who hold all or part of their Existing Ordinary Shares in uncertificated form will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Basic Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 4.2(g) of this Part II *(Terms and conditions of the Open Offer)*.

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

Qualifying Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Non-CREST Application Form. Qualifying Shareholders are, however, encouraged to vote at the General Meeting by attending in person or by completing and returning the Form of Proxy enclosed with this document.

4.1 *If you have a Non-CREST Application Form in respect of your entitlement under the Open Offer*

(a) *General*

Subject as provided in paragraph 6 of this Part II (*Terms and conditions of the Open Offer*) in relation to Overseas Shareholders, Qualifying Non-CREST Shareholders will receive a Non-CREST Application Form. The Non-CREST Application Form shows the number of Existing Ordinary Shares registered in their name on the Open Offer Record Date in Box 1. It also shows the number of Open Offer Shares which represents their Basic Entitlement under the Open Offer, as shown by the total number of Basic Entitlements allocated to them set out in Box 2. Box 3 shows how much they would need to pay if they wish to take up their Basic Entitlement in full. Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders' Basic Entitlements and will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility. Any Qualifying Non-CREST Shareholders with fewer than 600 Existing Ordinary Shares will not receive a Basic Entitlement. Any Qualifying Non-CREST Shareholder with fewer than 600 Existing Ordinary Shares will not be able to apply for Excess Shares pursuant to the Excess Application Facility (see paragraph 4.1(c) of this Part II (*Terms and Conditions of the Open Offer*)). Qualifying Non-CREST Shareholders may apply for less than their Basic Entitlement should they wish to do so. Qualifying Shareholders wishing to apply for Open Offer Shares representing less than their Basic Entitlement may do so by completing Boxes 6 and 8 of the Non- CREST Application Form. Qualifying Non-CREST Shareholders may also apply for Excess Shares under the Excess Application Facility up to a maximum number of Excess Shares equal to 4 times the number of Existing Ordinary Shares registered in their name as at the Record Date by completing Boxes 6, 7, 8 and 9 of the Non-CREST Application Form (see paragraph 4.1(c) of this Part II (*Terms and Conditions of the Open Offer*)). Qualifying Non-CREST Shareholders may hold such a Non-CREST Application Form by virtue of a *bona fide* market claim (see paragraph 4.1(b) of this Part II (*Terms and conditions of the Open Offer*)).

The instructions and other terms set out in the Non-CREST Application Form form part of the terms of the Open Offer to Qualifying Non-CREST Shareholders.

(b) *Bona fide market claims*

Applications to acquire Open Offer Shares may only be made on the Non-CREST Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked "ex" the entitlement to participate in the Open Offer. Non-CREST Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims up to 3.00 p.m. on 24 May 2010. The Non-CREST Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the purchaser. Qualifying Non-CREST Shareholders who have sold all of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 10 on the Non-CREST Application Form and immediately send it to either the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or to the Registrar in accordance with the instructions set out in the accompanying Non-CREST Application Form. The Non-CREST Application Form should not, however, be forwarded to or transmitted in or into a Restricted Jurisdiction. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Non-CREST Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 4.2(b) of this Part II (*Terms and conditions of the Open Offer*).

(c) *Excess Application Facility*

Qualifying Shareholders may apply to acquire Excess Shares using the Excess Application Facility, should they wish. Qualifying Non-CREST Shareholders wishing to apply for Excess Shares, up to a maximum number of Excess Shares equal to 4 times the number of Existing Ordinary Shares registered in their name at the Open Offer Record Date, may do so by completing Boxes 6, 7, 8 and 9 of the Non-CREST Application Form. The total number of Open Offer Shares is fixed and will not be increased in response to any Excess Applications. Excess Applications will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Basic Entitlements in full or where fractional entitlements have been aggregated and made available under the Excess Application Facility. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications by Qualifying Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant’s risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

(d) *Application procedures*

Qualifying Non-CREST Shareholders wishing to apply to acquire all or any of the Open Offer Shares to which they are entitled should complete the Non-CREST Application Form in accordance with the instructions printed on it. Completed Non-CREST Application Forms should be posted in the accompanying reply-paid envelope or returned by post or by hand (during normal office hours only) to Neville Registrars, Neville House, 18 Laurel House, Halesowen, West Midlands, B63 3DA (who will act as Receiving Agent in relation to the Open Offer), so as to be received by Neville Registrars, in either case, by no later than 11.00 a.m. on 27 May 2010, after which time Non-CREST Application Forms will not be valid. Qualifying Non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. If a Non-CREST Application Form is being sent by first-class post in the UK, Qualifying Shareholders are recommended to allow at least four working days for delivery. Non-CREST Application Forms delivered by hand will not be checked upon delivery and no receipt will be provided.

Completed Non-CREST Application Forms should be returned with a cheque or banker’s draft drawn in sterling on a bank or building society in the British Isles which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker’s drafts to be cleared through facilities provided by any of those companies or committees. Such cheques or banker’s drafts must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on the application.

Cheques should be drawn on a personal account in respect of which the Qualifying Shareholder has sole or joint title to the funds and should be made payable to "Neville Registrars re: Deo Petroleum plc" and crossed "A/C Payee Only". Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds by completing the account name on the back of the cheque or draft and adding the branch stamp) will not be accepted (see paragraph 5 of this Part II (*Terms and conditions of the Open Offer*)). Payments via CHAPS, BACS or electronic transfer will not be accepted.

Cheques and banker's drafts will be presented for payment on receipt and it is a term of the Open Offer that cheques and banker's drafts will be honoured on first presentation. The Company may elect to treat as valid or invalid any applications made by Qualifying Non-CREST Shareholders in respect of which cheques are not so honoured. If cheques or banker's drafts are presented for payment before the conditions of the Open Offer are fulfilled, the application monies (other than the first £10,000 received) will be kept in a separate interest bearing bank account with any interest being retained for the Company until all conditions are met. If the Open Offer does not become unconditional, no Open Offer Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Open Offer.

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

(i) Non-CREST Application Forms received after 11.00 a.m. on 27 May 2010; or

(ii) applications in respect of which remittances are received before 11.00 a.m. on 27 May 2010 from authorised persons (as defined in FSMA) specifying the Open Offer Shares applied for and undertaking to lodge the Non-CREST Application Form in due course but, in any event, within two Business Days and before the closing of the Open Offer.

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

If Open Offer Shares have already been allotted to a Qualifying Non-CREST Shareholder and such Qualifying Non-CREST Shareholder's cheque or banker's draft is not honoured upon first presentation or such Qualifying Non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, the Receiving Agent shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements, on behalf of the Company, for the sale of such Qualifying Non-CREST Shareholder's Open Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the Receiving Agent, MJES or the Company, nor any other person, shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Shareholder as a result.

(e) Effect of application

By completing and delivering a Non-CREST Application Form, the applicant:

(i) represents and warrants to the Company, the Receiving Agent and MJES that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;

(ii) agrees that all applications under the Open Offer and any contracts or non-contractual obligations resulting therefrom shall be governed by and construed in accordance with the laws of England and Wales;

(iii) confirms that in making the application he is not relying on any information or representation in relation to the Company other than those contained in this document and any documents incorporated by reference, and the applicant accordingly agrees that no person responsible solely or jointly for this document including any documents incorporated by reference or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained herein and further agrees that, having had the opportunity to read this document including any documents incorporated by reference, he will be deemed to have had notice of all information in relation to the contained in this document (including information incorporated by reference);

(iv) confirms that in making the application he is not relying and has not relied on MJES or any other person affiliated with MJES in connection with any investigation of the accuracy of any information contained in this document or his investment decision;

(v) confirms that no person has been authorised to give any information or to make any representation concerning the Company or the New Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or MJES;

(vi) represents and warrants to the Company, the Receiving Agent and MJES that he is the Qualifying Shareholder originally entitled to the Basic Entitlements or that he received such Basic Entitlements by virtue of a *bona fide* market claim;

(vii) represents and warrants to the Company, the Receiving Agent and MJES that if he has received some or all of his Basic Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Basic Entitlements by virtue of a *bona fide* market claim;

(viii) requests that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document and the Non-CREST Application Form, subject to the Memorandum and Articles of Association of the Company;

(ix) represents and warrants to the Company, the Receiving Agent and MJES that he is not, nor is he applying on behalf of any person who is, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor such person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer; and

(x) represents and warrants to the Company, the Receiving Agent and MJES that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986.

All enquiries in connection with the procedure for application and completion of the Non-CREST Application Form should be made to the Registrar on the shareholder helpline on 0121 585 1131. Please note the Registrar cannot provide financial advice on the merits of the Open Offer or as to whether applicants should take up their Basic Entitlements. Calls may be recorded and monitored for security and training purposes.

Qualifying Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Non-CREST Application Form. Qualifying Shareholders are, however, encouraged to vote at the General Meeting by attending in person or by completing and returning the blue Form of Proxy enclosed with this document.

4.2 *If you have Basic Entitlements and Excess CREST Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer*

(a) *General*

Subject as provided in paragraph 6 of this Part II (*Terms and conditions of the Open Offer*) in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Basic Entitlements equal to the number of Open Offer Shares which represents his Basic Entitlement equal to 4 times the number of Existing Ordinary Shares registered in his name as at the Open Offer Record Date (see paragraph 4.2(c) for further details). Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders' Basic Entitlement and will be aggregated and made available under the Excess Application Facility. Any Qualifying CREST Shareholders with fewer than 600 Existing Ordinary Shares will not receive a Basic Entitlement. Any Qualifying Non-CREST Shareholder with fewer than 600 Existing Ordinary Shares will not be able to apply for Excess Shares pursuant to the Excess Application Facility (see paragraph 4.2(c) of this Part II (*Terms and conditions of the Open Offer*)).

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Open Offer Record Date by the Qualifying CREST Shareholder in respect of which the Basic Entitlements and Excess CREST Open Offer Entitlements have been allocated.

If for any reason the Basic Entitlements and/or Excess CREST Open Offer Entitlements cannot be admitted to CREST, or the stock accounts of Qualifying CREST Shareholders cannot be credited, by 8.00 a.m. on 6 May 2010, or such later time and/or date as the Company may decide, a Non-CREST Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Basic Entitlements and Excess CREST Open Offer Entitlements which should have been credited to his stock account in CREST. In these circumstances, the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying Non-CREST Shareholders with Non-CREST Application Forms will apply to Qualifying CREST Shareholders who receive such Non-CREST Application Forms.

CREST members who wish to apply to acquire some or all of their entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact the Registrar on the shareholder helpline on 0121 585 1131. Please note the Registrar cannot provide financial advice on the merits of the Open Offer or as to whether applicants should take up their Basic Entitlements. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for Open Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

(b) *Market claims*

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

(c) *Excess Application Facility*

Qualifying Shareholders may apply to acquire Excess Shares using the Excess Application Facility, should they wish. The Excess Application Facility enables Qualifying CREST Shareholders to apply for Excess Shares in excess of their Basic Entitlement up to a maximum number of Excess Shares equal to 4 times the number of Existing Ordinary Shares registered in their name as at the Open Offer Record Date.

An Excess CREST Open Offer Entitlement may not be sold or otherwise transferred. Subject as provided in paragraph 6 of this Part II (*Terms and Conditions of the Open Offer*) in relation to Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess CREST Open Offer Entitlement in order for any applications for Excess Shares to be settled through CREST.

Qualifying CREST Shareholders should note that, although the Basic Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities (for the purposes of market claims only). Neither the Basic Entitlements nor the Excess CREST Open Offer Entitlements will be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions in paragraph 4.2(f) below and must not return a paper form and cheque.

Should a transaction be identified by the CREST Claims Processing Unit as "cum" the Basic Entitlement and the relevant Basic Entitlement be transferred, the Excess CREST Open Offer Entitlements will not transfer with the Basic Entitlement claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess CREST Open Offer Entitlement credited to CREST and allocated to the relevant Qualifying Shareholder will be transferred to the purchaser. Please note that a separate USE instruction must be sent to Euroclear in respect of any application under the Excess CREST Open Offer Entitlement.

Fractions of Excess Shares will not be issued under the Excess Application Facility and fractions of Excess Shares will be rounded down to the nearest whole number. Any fractional Excess Shares will be aggregated and sold for the benefit of the Company.

The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. Applications under the Excess Application Facility will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Basic Entitlements in full or where fractional entitlements have been aggregated and made available under the Excess Application Facility. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications by Qualifying Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

All enquiries in connection with the procedure for application of Excess CREST Open Offer Entitlements should be made to the Registrar on the shareholder helpline 0121 585 1131. Please note the Registrar cannot provide financial advice on the merits of the Open Offer or as to whether applicants should take up their entitlement or apply for Excess Shares.

(d) *USE instructions*

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

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

(ii) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of the Registrar in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in paragraph 4.2(d)(i) above.

(e) *Content of USE instruction in respect of Basic Entitlements*

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

(i) the number of Open Offer Shares for which application is being made (and hence the number of the Basic Entitlement(s) being delivered to the Registrar);

(ii) the ISIN of the Basic Entitlement. This is GB00B66NDT44;

(iii) the CREST participant ID of the accepting CREST member;

(iv) the CREST member account ID of the accepting CREST member from which the Basic Entitlements are to be debited;

(v) the participant ID of Neville Registrars in its capacity as Receiving Agent. This is 7RA11;

(vi) the member account ID of Neville Registrars in its capacity as Receiving Agent. This is DEO;

(vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of New Ordinary Shares referred to in paragraph 4.2 (e)(i) above;

(viii) the intended settlement date. This must be on or before 11.00 a.m. on 27 May 2010; and

(ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 27 May 2010.

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

(i) a contact name and telephone number (in the free format shared note field); and

(ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 27 May 2010 in order to be valid is 11.00 a.m. on that day.

(f) *Content of USE instruction in respect of Excess CREST Open Offer Entitlements*

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

(i) the number of Open Offer Shares for which the application is being made (and hence the number of the Excess CREST Open Offer Entitlement(s) being delivered to the Registrar);

(ii) the ISIN of the Excess CREST Open Offer Entitlement. This is GB00B3L5C960;

(iii) the CREST participant ID of the accepting CREST member;

(iv) the CREST member account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;

(v) the participant ID of Neville Registrars in its capacity as Receiving Agent. This is 7RA11;

(vi) the member account ID of Neville Registrars in its capacity as Receiving Agent. This is DEO;

(vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of New Ordinary Shares referred to in paragraph 4.2(f)(i) above;

(viii) the intended settlement date. This must be on or before 11.00 a.m. on 27 May 2010; and

(ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for the application in respect of an Excess CREST Open Offer Entitlement under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m on 27 May 2010.

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

(i) a contact name and telephone number (in the free format shared note field); and

(ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 27 May 2010 in order to be valid is 11.00 a.m. on that day. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess CREST Open Offer Entitlement security.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 1 June 2010 or such later time and date as the Directors determine (being no later than 30 June 2010), the Open Offer will lapse, the Basic Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will be disabled and the Registrar will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies will be retained for the benefit of the Company.

(g) *Deposit of Basic Entitlements into, and withdrawal from, CREST*

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Basic Entitlements set out in his Non-CREST Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Non-CREST Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Basic Entitlements and Excess CREST Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer can be applied for through a Non-CREST Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Non-CREST Application Form.

A holder of a Non-CREST Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Basic Entitlements and the entitlement to apply under the Excess Application Facility following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 27 May 2010. After depositing their Basic Entitlement into their CREST account, CREST holders will, shortly after that, receive a credit for their Excess CREST Open Offer Entitlement.

In particular, having regard to normal processing times in CREST and on the part of the Registrar, the recommended latest time for depositing a Non-CREST Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Non-CREST Application Form as Basic Entitlements or Excess CREST Open Offer Entitlements in CREST, is 3.00 p.m. on 21 May 2010 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Basic Entitlements or Excess CREST Open Offer Entitlements from CREST is 4.30 p.m. on 19 May 2010, in either case so as to enable the person acquiring or (as appropriate) holding the Basic Entitlements and the Excess CREST Open Offer Entitlements following the deposit or withdrawal (whether as shown in a Non-CREST Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Basic Entitlements or in respect of the Excess CREST Open Offer Entitlements, as the case may be, prior to 11.00 a.m. on 27 May 2010. CREST holders inputting the withdrawal of their Basic Entitlement from their CREST account must ensure that they withdraw both their Basic Entitlement and the Excess CREST Open Offer Entitlement.

Delivery of a Non-CREST Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Non-CREST Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Registrar by the relevant CREST member(s) that it is/they are not in breach of the provisions of the notes under the paragraph headed "Do you want to deposit your Basic Entitlements into CREST?" on page 3 of the Non-CREST Application Form, and a declaration to the Company and the Registrar from the relevant CREST member(s) that it is/they are not citizen(s) or resident(s) of any Restricted Jurisdiction or any jurisdiction in which the application for New Ordinary Shares is prevented by law and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(h) *Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 27 May 2010 will constitute a valid application under the Open Offer.

(i) *CREST procedures and timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 27 May 2010. In this connection CREST members and (where applicable) their CREST sponsors are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(j) *Incorrect or incomplete applications*

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

(i) to reject the application in full and refund the payment to the CREST member in question, without payment of interest;

(ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Subscription Price, refunding any unutilised sum to the CREST member in question, without payment of interest; and

(iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction, refunding any unutilised sum to the CREST member in question, without payment of interest.

(k) *Effect of valid application*

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

(i) represents and warrants to the Company, the Receiving Agent and MJES that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;

(ii) agrees to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Registrar's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);

(iii) agrees that all applications under the Open Offer and any contracts or non-contractual obligations resulting therefrom shall be governed by, and construed in accordance with, the laws of England and Wales;

(iv) confirms that in making the application he is not relying on any information or representation in relation to the Company other than those contained in this document or any documents incorporated by reference, and the applicant accordingly agrees that no person responsible solely or jointly for this document including any document incorporated by reference or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained herein and further agrees that, having had the opportunity to read this document including any documents incorporated by reference, he will be deemed to have had notice of all the information in relation to the Company contained in this document (including information incorporated by reference);

(v) confirms that in making the application he is not relying and has not relied on MJES or any other person affiliated with MJES in connection with any investigation of the accuracy of any information contained in this document or his investment decision;

(vi) confirms that no person has been authorised to give any information or to make any representation concerning the Company or the New Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or MJES;

(vii) represents and warrants to the Company, the Receiving Agent and MJES that he is the Qualifying Shareholder originally entitled to the Basic Entitlements and Excess CREST Open Offer Entitlements or that he has received such Basic Entitlements and Excess CREST Open Offer Entitlements by virtue of a *bona fide* market claim;

(viii) represents and warrants to the Company, the Receiving Agent and MJES that if he has received some or all of his Basic Entitlements and Excess CREST Open Offer Entitlements from a person other than the Company, he is entitled to apply under the Basic Entitlements and Excess CREST Open Offer in relation to such Basic Entitlements by virtue of a *bona fide* market claim;

(ix) requests that the New Ordinary Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the Memorandum and Articles of Association of the Company;

(x) represents and warrants to the Company, the Receiving Agent and MJES that he is not, nor is he applying on behalf of any person who is, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor such person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer; and

(xi) represents and warrants to the Company, the Receiving Agent and MJES that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986.

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

The Company may in its sole discretion:

(i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part II (*Terms and conditions of the Open Offer*);

(ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;

(iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the "first instruction") as not constituting a valid application if, at the time at which the Registrar receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Registrar has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and

(iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

5. Money Laundering Regulations

5.1 *Holders of Non-CREST Application Forms*

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

The person lodging the Non-CREST Application Form with payment and in accordance with the other terms as described above (the **"acceptor"**), including any person who appears to the Receiving Agent to be acting on behalf of some other person, accepts the Open Offer in respect of such number of Open Offer Shares as is referred to therein (for the purposes of this paragraph 5, the **"relevant Open Offer Shares"**) shall thereby be deemed to agree to provide the Receiving Agent with such information and other evidence as the Receiving Agent may require to satisfy the verification of identity requirements.

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

If the verification of identity requirements apply, failure to provide the necessary evidence of identity and address within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

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

The verification of identity requirements will not usually apply:

(i) if the applicant is an organisation required to comply with the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or

(ii) if the acceptor is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or

(iii) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or

(iv) if the aggregate subscription price for the Open Offer Shares is less than €15,000 (approximately £13,000).

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

(a) if payment is made by cheque or banker's draft in sterling drawn on a branch in the British Isles of a bank or building society which bears a UK bank sort code number in the top right hand corner, the following applies. Cheques, should be made payable to "Neville Registrars re: Deo Petroleum plc Open Offer" in respect of an application by a Qualifying Shareholder and crossed "A/C Payee Only" in each case. Third party cheques will not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/bankers' draft to such effect. The account name should be the same as that shown on the Non-CREST Application Form; or

(b) if the Non-CREST Application Form is lodged with payment by an agent which is an organisation of the kind referred to in paragraph 5.1(i) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, The Republic of South Africa, Switzerland, Turkey, UK Crown Dependencies and the US and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Non-CREST Application Form, written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Registrar. If the agent is not such an organisation, it should contact the

Registrar at Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA.

To confirm the acceptability of any written assurance referred to in paragraph 5.1(b) above, or in any other case, the acceptor should contact the Receiving Agent on 0121 585 1131.

If the Non-CREST Application Form(s) is/are in respect of Open Offer Shares with an aggregate subscription price of €15,000 (approximately £13,000) or more and is/are lodged by hand by the acceptor in person, or if the Non-CREST Application Form(s) in respect of Open Offer Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and separate evidence of his address.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 27 May 2010, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Receiving Agent may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the applicant (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

5.2 *Basic Entitlements and Excess CREST Open Offer Entitlements in CREST*

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

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

6. Overseas Shareholders

The making of the Open Offer to persons resident in, or who are citizens of, or who have a registered address in, countries other than the UK may be affected by the law or regulatory requirements of the relevant jurisdiction. The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

6.1 *General*

The distribution of this document and the Non-CREST Application Form and the making of the Open Offer 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. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer.

No action has been or will be taken by the Company or MJES or any other person to permit a public offering or distribution of this document (or any other offering or publicity materials or application form(s) relating to the Open Offer Shares) in any jurisdiction where action for that purpose may be required, other than in the UK.

Receipt of this document and/or a Non-CREST Application Form and/or a credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Non-CREST Application Form must be treated as sent for information only and should not be copied or redistributed.

Due to restrictions under the securities laws of the Restricted Jurisdictions and certain commercial considerations, Non-CREST Application Forms will not be sent to, and neither Basic Entitlements nor Excess CREST Open Offer Entitlements will be credited to stock accounts in CREST of, Excluded Overseas Shareholders or their agents or intermediaries, except where the Company is satisfied, at its sole and absolute discretion, that such action would not result in the contravention of any registration or other legal requirement in the relevant jurisdiction.

No person receiving a copy of this document and/or a Non-CREST Application Form and/or a credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST in any territory other than the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use any such Non-CREST Application Form and/or credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him and such Non-CREST Application Form and/or credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Non-CREST Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the UK wishing to apply for Open Offer Shares under the Open Offer to satisfy himself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

None of the Company or MJES nor any of their respective representatives is making any representation to any offeree or purchaser of Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or a Non-CREST Application Form and/or a credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Basic Entitlements or Excess CREST Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or a Non-CREST Application Form and/or a credit of Basic

Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his custodian, agent, nominee or trustee, he must not seek to apply for Open Offer Shares unless the Company and MJES determine that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or a Non-CREST Application Form and/or transfers Basic Entitlements or Excess CREST Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part II (*Terms and conditions of the Open Offer*) and specifically the contents of this paragraph 6.

Subject to paragraphs 6.2 to 6.8 below, any person (including, without limitation, custodians, agents, nominees and trustees) outside the UK wishing to apply for Open Offer Shares must satisfy himself as to the full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and pay any issue, transfer or other taxes due in such territories.

The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or dispatched by an Excluded Overseas Shareholder or on behalf of such a person by their agent or intermediary or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Open Offer Shares or, in the case of a credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be, in a Restricted Jurisdiction or any other jurisdiction outside the UK in which it would be unlawful to deliver such share certificates or make such a credit.

The attention of Overseas Shareholders is drawn to paragraphs 6.2 to 6.8 below.

Notwithstanding any other provision of this document or the Non-CREST Application Form, the Company reserves the right to permit any Qualifying Shareholder who is an Excluded Overseas Shareholder to apply for Open Offer Shares if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in sterling denominated cheques or bankers' drafts or where such an Overseas Shareholder is a Qualifying CREST Shareholder, through CREST.

Due to restrictions under the securities laws of the Restricted Jurisdictions and subject to certain exceptions, Excluded Overseas Shareholders will not qualify to participate in the Open Offer and will not be sent a Non-CREST Application Form nor will their stock accounts in CREST be credited with Basic Entitlements or Excess CREST Open Offer Entitlements.

The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

No public offer of Open Offer Shares is being made by virtue of this document or the Non-CREST Application Forms into any Restricted Jurisdiction. Receipt of this document and/or an Non-CREST Application Form and/or a credit of a Basic Entitlement or an Excess CREST Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Non-CREST Application Form must be treated as sent for information only and should not be copied or redistributed.

6.2 *United States*

Subject to certain exceptions, this document is intended for use only in connection with offers of Open Offer Shares outside the United States and neither this document nor any Non-CREST Application Form is to be sent or given to any person within the United States. The Open Offer Shares offered hereby are not being registered under the US Securities Act, for the purposes of sales outside of the United States.

This document may not be transmitted in or into the United States and may not be used to make offers or sales to US holders of Existing Ordinary Shares.

Subject to certain exceptions, the Open Offer Shares will be distributed, offered or sold, as the case may be, outside the United States in offshore transactions within the meaning of, and in accordance with, Regulation S under the US Securities Act.

Each person to which the Open Offer Shares are distributed, offered or sold outside the United States will be deemed by its subscription for the Open Offer Shares to have represented and agreed, on its behalf and on behalf of any investor accounts for which it is subscribing the Open Offer Shares, as the case may be, that:

(i) it is acquiring the New Ordinary Shares from the Company in an **"offshore transaction"** as defined in Regulation S under US the Securities Act; and

(ii) the Open Offer Shares have not been offered to it by the Company or MJES by means of any **"directed selling efforts"** as defined in Regulation S under the US Securities Act.

Each subscriber acknowledges that the Company and MJES will rely upon the truth and accuracy of the foregoing representations and agreements, and agrees that if any of the representations and agreements deemed to have been made by such subscriber or purchaser by its subscription for the Open Offer Shares, as the case may be, are no longer accurate, it shall promptly notify the Company and MJES. If such subscriber is subscribing for the Open Offer Shares as a fiduciary or agent for one or more investor accounts, each subscriber or purchaser represents that it has sole investment discretion with respect to each such account and full power to make the foregoing representations and agreements on behalf of each such account.

Each subscriber acknowledges that it will not resell the Open Offer Shares without registration or an available exemption or safeharbour from registration under the US Securities Act.

6.3 *Canada*

This document is not, and is not to be construed as, a prospectus, an advertisement or a public offering of these securities in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this document or the merits of the Open Offer Shares, and any representation to the contrary is an offence.

In addition, the relevant exemptions are not being obtained from the appropriate provincial authorities in Canada. Accordingly, the Open Offer Shares are not being offered for subscription by persons resident in Canada or any territory or possessions thereof. Applications from any Canadian Person who appears to be or whom the Company has reason to believe to be so resident or the agent of any person so resident will be deemed to be invalid. Neither this document nor a Non-CREST Application Form will be sent to and no Basic Entitlements or Excess CREST Open Offer Entitlements will be credited to a stock account in CREST of any Shareholder in the Company whose registered address is in Canada. If any Non-CREST Application Form is received by any Shareholder in the Company whose registered address is elsewhere but who is, in fact, a Canadian Person or the agent of a Canadian Person so resident, he should not apply under the Open Offer.

For the purposes of this paragraph 6.3, **"Canadian Person"** means a citizen or resident of Canada, including the estate of any such person or any corporation, partnership or other entity created or organised under the laws of Canada or any political sub-division thereof.

6.4 *Australia*

(a) Neither this document nor the Non-CREST Application Form has been lodged with, or registered by, the Australian Securities and Investments Commission. A person may not: (i) directly or indirectly offer for subscription or purchase or issue an invitation to subscribe for or buy or sell, the Open Offer Shares; or (ii) distribute any draft or definitive document in relation to any such offer, invitation or sale, in Australia or to any resident of Australia (including corporations and other entities organised under the laws of Australia but not including a permanent establishment of such a corporation or entity located outside Australia). Accordingly, neither this document nor any Non-CREST Application Form will be issued to, and no Basic Entitlements or Excess CREST Open Offer Entitlements will be credited to a CREST stock account of, Shareholders in the Company with registered addresses in, or to residents of, Australia.

(b) The offer of any Open Offer Shares in Australia may only be made to persons who are "sophisticated investors" (within the meaning of section 708 (8) of the Australian Corporations Act 2001 (the "**2001 Act**")) or to "professional investors" (within the meaning of section 708 (11) of the 2001 Act) or otherwise pursuant to one or more exemptions contained in section 708 of the 2001 Act, so that it is lawful to offer, or invite applications for, any Open Offer Shares without disclosure to persons under Chapter 6D of the 2001 Act. Furthermore, this Circular may only be made available in Australia to persons as set forth in this paragraph 6.4(b).

6.5 *Other Restricted Jurisdictions*

The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

No offer of Open Offer Shares is being made by virtue of this document or the Non-CREST Application Forms into any Restricted Jurisdiction.

6.6 *Other overseas territories*

Non-CREST Application Forms will be sent to Qualifying Non-CREST Shareholders and Basic Entitlements or Excess CREST Open Offer Entitlements will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than the Restricted Jurisdictions may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and the Non-CREST Application Form. Such Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the UK should, however, consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any Open Offer Shares.

6.7 *Representations and warranties relating to Overseas Shareholders*

(a) *Qualifying Non-CREST Shareholders*

Any person completing and returning a Non-CREST Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company, MJES and the Registrar that, except where proof has been provided to the Company's satisfaction that such person's use of the Non-CREST Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting registration of the relevant Open Offer Shares from within any Restricted Jurisdiction; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares or to use the Non-CREST Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within any Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not acquiring Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories. The Company and/or the Registrar may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in a Non-CREST Application Form if it: (i) appears to the Company or its agents to have been executed, effected or dispatched from a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or (ii) provides an address in a Restricted Jurisdiction for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the UK in which it would be unlawful to deliver such share certificates); or (iii) purports to exclude the representation and warranty required by this sub-paragraph 6.7 (a).

(b) *Qualifying CREST Shareholders*

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part II (*Terms and conditions of the Open Offer*) represents and warrants to the Company and MJES that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) neither it nor its client is within any Restricted Jurisdiction; (ii) neither it nor its client is in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares; (iii) it is not accepting on a nondiscretionary basis for a person located within any Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) neither it nor its client is acquiring any Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories.

6.8 *Waiver*

The provisions of this paragraph 6 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company, in its absolute discretion. Subject to this, the provisions of this paragraph 6 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 6 to Shareholders shall include references to the person or persons executing a Non-CREST Application Form and, in the event of more than one person executing a Non-CREST Application Form, the provisions of this paragraph 6 shall apply to them jointly and to each of them.

7. Admission, settlement, dealings and publication

The result of the Open Offer is expected to be announced on 28 May 2010. Application will be made to AIM for Application to trading of the Open Offer Shares. It is expected that Admission will become effective and that dealings in the Open Offer Shares, fully paid, will commence at 8.00 a.m. on 1 June 2010.

The Existing Ordinary Shares are already admitted to CREST and application will be made for the New Ordinary Shares to be admitted to CREST. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

Basic Entitlements and Excess CREST Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 27 May 2010 (being the latest practicable date for applications under the Open Offer). If the conditions to the Open Offer described above are satisfied, New Ordinary Shares will be issued in uncertificated form to those persons who submitted a valid application for New Ordinary Shares by utilising the CREST application procedures and whose applications have been accepted by the Company. On 28 May 2010, the Receiving Agent will instruct

Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Admission (expected to be on 1 June 2010). The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE instruction was given.

Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders a Non-CREST Application Form instead of crediting the relevant stock account with Basic Entitlements and Excess CREST Open Offer Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

For Qualifying Non-CREST Shareholders who have applied by using a Non-CREST Application Form, share certificates in respect of the New Ordinary Shares validly applied for are expected to be despatched by post by 7 June 2010. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the register of members of the Company. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying Non-CREST Shareholders are referred to paragraph 4.1 of this Part II (*Terms and conditions of the Open Offer*), and the Non-CREST Application Form.

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

8. Times and dates

The Company shall, in its discretion, and after consultation with its financial and legal advisers, be entitled to amend the dates on which Non-CREST Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall notify the FSA, and make an announcement on a Regulatory Information Service approved by the FSA and, if appropriate, by Shareholders but Qualifying Shareholders may not receive any further written communication.

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

9. Taxation

The following information is given in summary form only and is based on tax legislation as it exists at the present time. The information relates to the tax position of holders of New Ordinary Shares in the capital of the Company who are resident or ordinarily resident in the United Kingdom for tax purposes. The statements below do not constitute advice to any Shareholder on his or her personal tax position, and may not apply to certain classes of investor (such as persons carrying on a trade in the United Kingdom or United Kingdom insurance companies).

This is only a summary of the tax reliefs available to investors and should not be construed as constituting advice. A potential investor should obtain advice from his or her own investment or taxation adviser before subscribing for New Ordinary Shares.

Inheritance Tax Relief

The Company's shares are treated as unquoted shares for UK inheritance tax (IHT) purposes. Individuals and trustees subject to IHT may be entitled to business property relief of up to 100 per cent. after a holding period of two years, providing all the relevant conditions for the relief are satisfied at the appropriate time.

Income Tax

Under current United Kingdom taxation legislation, no withholding tax will be deducted from dividends paid by the Company. Dividends paid by the Company will carry an associated tax credit of one-ninth of the cash dividend or ten percent of the aggregate of the cash dividend and associated tax credit. Individual shareholders resident in the UK receiving such dividends will be liable to income tax on the aggregate of the dividend and associated tax credit at the dividend basic rate (10 per cent.) or the dividend higher rate (32.5 per cent.).

The effect will be that the taxpayers who are otherwise liable to pay at only the lower rate or basic rate of income tax will have no further liability or income tax in respect of such a dividend. Higher rate payers will have an additional liability (after taking into account the tax credit) of 22.5 per cent. of the aggregate of the cash dividend and the associated tax credit, or an effective rate of 25 per cent. of the dividend actually received. Individual shareholders whose income tax liability is less than the tax credit will not be entitled to claim a repayment of all or part of the tax credit associated with such individuals.

From 6 April 2010, a new rate of tax has been introduced for individuals with taxable income in excess of £150,000. For those individuals who suffer tax at the new higher rate, the dividend will be subject to tax at 42.5 per cent. less any deemed tax credit (an effective tax rate of 36.1 per cent. of the dividend received). With certain exceptions for traders in securities, a holder of New Ordinary Shares that is a company resident (for taxation purposes) in the United Kingdom and receives a dividend paid by the Company, will not be subject to tax in respect of the dividend.

Taxation of capital gains made by shareholders

(a) A UK resident individual shareholder who disposes of, or who is deemed to dispose of, their shares in the Company may be liable to capital gains tax in relation thereto at a flat rate of 18 per cent. of any gain thereby realised. The rate of tax may be reduced to an effective tax rate of 10 per cent. if the conditions for entrepreneurs relief are met. In computing the gain, the shareholder should be entitled to deduct from proceeds the cost to him of the shares (together with incidental costs of acquisition and disposal).

(b) A UK resident corporate shareholder disposing of its shares in the Company may be liable to corporation tax on chargeable gains in relation thereto at the usual rates of corporation tax applicable to it (currently 21-28 per cent. depending on the taxable profits of the Shareholder). In computing the chargeable gain liable to corporation tax, the shareholder is entitled to deduct from the disposal proceeds, the cost to it of the shares, together with incidental costs of acquisition, as increased by indexation allowance, and disposal costs. In some circumstances, a Shareholder may be exempt from corporation tax in relation to its disposal of shares under the substantial shareholding exemption or be able to reduce the quantum of the gain by capital and/or income losses arising to the corporate shareholder.

Stamp Duty and Stamp Duty Reserve Tax

No United Kingdom stamp duty will be payable on the issue by the Company of New Ordinary Shares. Transfers of New Ordinary Shares for value will give rise to a liability to pay United Kingdom ad valorem stamp duty, or stamp duty reserve tax, at the rate in each case of 50p per £100 of the amount or value of the consideration (rounded up in the case of stamp duty to the nearest £5 (subject to an exemption for transfer values less than £1,000). Transfers under the CREST system for paperless transfers of shares will generally be liable to stamp duty reserve tax.

Shareholders who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer, or who are subject to tax in any jurisdiction other than the UK, should immediately consult a suitable professional adviser.

Any person who is in any doubt as to his or her tax position or who may be subject to tax in any jurisdiction other than the United Kingdom should consult his or her own professional adviser.

10. Governing law and jurisdiction

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

11. Further information

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

PART III

Risk Factors

Potential investors should carefully consider the risks described below before making a decision to invest in the Company. This Part III contains what the Directors believe to be the principal risk factors associated with an investment in the Company. It should be noted that this list is not exhaustive and that other risk factors will apply to an investment in the Company. If any of the following risks actually occur, the Company's business, financial condition and/or results or future operations could be materially adversely affected. In such circumstances, the trading price of the New Ordinary Shares could decline and an investor may lose all or part of his investment.

There can be no certainty that the Company will be able to implement successfully the strategy set out in this document. Additional risks and uncertainties not currently known to the Directors or which the Directors currently deem immaterial, may also have an adverse effect on the Company.

This document contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Company which are described below and elsewhere in this document. Prospective investors should carefully consider the other information in this document. The risks listed below do not necessarily comprise all the risks associated with an investment in the Company.

An investment in the Company may not be suitable for all recipients of this document. Investors are accordingly advised to consult an independent financial adviser duly authorised under FSMA and who specialises in advising upon the acquisition of shares and other securities before making a decision to invest.

RISKS RELATING TO THE COMPANY'S BUSINESS AND STRUCTURE

Future funding

The Company currently has not secured any funding for any projects which it may acquire. When a suitable project is identified, it is likely that the Company will need to raise funds to evaluate and/or facilitate the development of such project. There is no guarantee that the Company will be able to raise such funds, and this may prejudice the Company's ability to invest in and develop assets.

Results to date and additional requirement for capital

Deo 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, there can be no certainty that the Company will achieve or sustain profitability or positive cash flow from its operating activities. The Company will need to raise additional capital in the future. Actual future production, oil and gas prices, revenues, taxes, transportation costs, capital expenditures and operating expenses and geological success will all be factors which have an impact on the amount of additional capital required. Any additional equity financing may be dilutive to Shareholders and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as and when needed, it will be required to reduce the scope of its operations or anticipated expansion and will be unable to fulfil any of its commitments which could result in them being terminated.

Identification of future acquisitions

The Company has no significant assets and has no significant operating history upon which to evaluate its likely performance. The Company's ability to implement its development strategy and achieve its desired returns will be limited by its ability to identify and acquire suitable projects and acquire oil and gas production rights. The Company cannot guarantee that it will be able to identify appropriate projects or negotiate acquisitions on favourable terms or that it will be able to obtain the financing necessary to complete such future acquisitions. If the Company is unable to identify projects and/or acquire oil and gas rights on properties, it cannot be certain that it will be able to implement its investment strategy.

Suitable projects may not always be readily available. The future value of the Company is dependent on the success or otherwise of the activities of Company, which are directed towards the development of oil and gas reserves. Development of resources is speculative and involves a significant degree of risk. While the rewards can be substantial, there is no guarantee that the activities of the Company will lead to commercial discovery or, if there is such discovery, that the Company will be able to realise such reserves as intended. If at any stage the Company is precluded from pursuing its production programmes, or decides not to continue with any of these, this is likely to have an adverse effect on the value of investors' holdings. Moreover, if the Company does not meet its work and/or expenditure obligations under any future licences in which it has a participating interest this may lead to dilution of its interest in, or the loss of such licences.

Industry Partner Risk

The Company's future development strategy may rely on its ability to obtain industry partners. There is no guarantee that the Company will be able to identify or agree suitable funding arrangements with such industry partners or that they will be able to implement the necessary arrangements.

Corporate and regulatory formalities

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

Competition

A number of other oil and gas companies operate, and are allowed to bid for, licences in the UK and Irish Continental Shelves where the Company intends to operate in the future, thereby providing competition to the Company. Larger companies, in particular, may have access to greater resources than the Company which may give them a competitive advantage.

Ability to exploit successful discoveries

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

Attraction and retention of key directors and employees

The Company will rely heavily on a small number of key individuals, in particular the current directors and consultants and future executive directors, senior management and consultants. The Company's business may be negatively affected by the failure to attract, or the departure of, any of these individuals, or any of a number of other key employees. There can be no guarantee that the Company will be able to continue to attract and retain required employees.

Dependence upon licences and other permits

The ability of the Company to develop oil and gas reserves and resources in its target jurisdiction depends on the grant of licences, concessions, leases, permits and regulatory consents which may be refused, withdrawn or made subject to limitations. There can also be no assurance that an application for a new permit, licence or lease, an assignment of a permit, licence or lease will be approved or enacted. Governmental approvals, licences and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental offices. The Company must comply with existing laws and regulations that may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and the interpretation of the laws and regulations implemented by the permitting authority. New laws and regulations, amendments to existing laws and regulations, or more stringent enforcement of existing laws and regulations, could have a material adverse impact on the Company's results of operations, financial conditions and prospects.

Insurance risks

The Company plans to insure the operations of the Company in accordance with industry practice and to insure the risks it considers appropriate for the Company's needs and circumstances. Insurance cover will not be available for every risk faced by the Company. Although the Company believes that it should carry adequate insurance with respect to its operations in accordance with industry practice, in certain circumstances the insurance protection purchased by the Company or the operator (as applicable) may not cover or be adequate to cover the consequences of certain events. In addition, the Company may be subject to liability for pollution, blow-outs, or other hazards against which the Company or the operator may elect not to insure because of high premium costs or other reasons. 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 the Company's interests, to maintain insurance cover or a level of coverage consistent with industry practice. In addition, the Company may, following a cost-benefit analysis, elect not to insure certain risks on the ground that the amount of premium payable for that risk is excessive when compared to the potential benefit to the Company of the insurance cover.

OIL & GAS MARKET RISKS

General development and production risks

There are risks inherent in the development of oil and gas reserves. Whilst the rewards can be substantial, there is no guarantee that the Company's activities will lead to commercial discoveries. Oil and gas development activities by their nature involve significant risks. Drilling may involve unprofitable efforts, not only with respect to dry wells, but also with respect to wells which, though yielding some petroleum, are not sufficiently productive to justify commercial development or cover operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. Risks such as delays in the construction and commissioning of drilling platforms or other technical difficulties, lack of access to key infrastructure, adverse weather conditions, environmental hazards, industrial accidents, occupational and health hazards, technical failures, labour disputes, unusual or unexpected geological formations, explosions and other acts of God are inherent to the business. Although in many cases these represent insurable risks, the Company may also become subject to other hazards (including pollution and oil seepage liability) against which it is not insured (for example where insurance is not available) or is under insured. 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 or 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 which may not be covered, in whole or part, by insurance. The occurrence of any of these incidents can result in the Company's current or future project target dates for drilling or production being delayed or interrupted, increase capital expenditure and production costs and result in liability to the contractors or operator of the field.

Volatility of prices for oil and gas

The demand for, and price of, oil and gas is highly dependent on a variety of factors, including international supply and demand, the level of consumer demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments. Geographic location and a lack of adequate infrastructure may also result in any oil or gas produced being sold at a discount to world market prices for oil and gas. International oil and gas prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future.

Commercial risks

Even if the Company recovers quantities of hydrocarbons, there is a risk the Company 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.

Availability of equipment and supplies

Some of the principal resources necessary for the development of oil and gas are drilling rigs and related equipment to drill for and produce oil and gas reserves. A shortage of drilling equipment and supplies could increase the costs and delivery times of equipment and supplies. There can be no assurance that necessary drilling equipment and supplies will be available on satisfactory terms. Any such shortages or material price increases could delay and adversely affect the Company's activities, its ability to exploit any hydrocarbons that may be discovered and its operations and profitability.

Dependence on third party services

The Company will rely on products and services provided by third parties, such as service providers and contractors, and those undertaking due diligence and technical reviews and providing general financial and strategic advice. If there is any interruption to the products or services provided by such third parties or those products or services are not as scalable as anticipated, or if there are problems in upgrading such products or services as the Company may require, the Company's business could be adversely affected and the Company may be unable to find adequate replacement services on a timely basis, if at all, and/or on acceptable commercial terms.

The Company is unable to predict the risk of:

– insolvency or other managerial failure by any of the contractors currently or in the future used by the Company in its activities; or

– insolvency or other managerial failure by any of the other service providers currently or in the future used by the Company for any activity.

Any of the foregoing may have a material adverse effect in the results of operations or the financial condition of the Company. In addition, the termination of these arrangements, if not replaced on similar terms, could have a material adverse effect on the results of operations or the financial condition of the Company.

Decommissioning costs

The Company may become responsible for costs associated with abandoning and reclaiming wells or facilities which it may in the future use for production of oil and gas. Abandonment and reclamation of facilities and the costs associated therewith is often referred to as "decommissioning". Should decommissioning be required, the costs of decommissioning may exceed the value of hydrocarbon resources remaining at any particular time to cover such decommissioning costs.

RISKS RELATING TO THE NEW ORDINARY SHARES

Possible volatility of the price of the New Ordinary Shares

The market price of the New Ordinary Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding the New Ordinary Shares (or securities similar to them) or in response to various factors and events, including any regulatory changes affecting the operations of the Company, variations in the operating results of the Company and business developments of the Company or its competitors.

Stock markets have from time to time experienced significant price and volume fluctuations which have affected the market prices for securities which may be unrelated to the Company's operating performance or prospects. Furthermore the Company's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the New Ordinary Shares. The trading prices of the New Ordinary Shares may go down as well as up and Shareholders may, therefore, not recover their original investment costs.

Substantial sales of ordinary shares could cause the price of ordinary shares to decline

There can be no assurance that the Directors or other shareholders will not elect to sell their New Ordinary Shares when they are legally entitled so to do. The market price of New Ordinary Shares could decline as a result of any sales of such New Ordinary Shares or as a result of the perception in the market which may occur as a result of such a sale. If these or any other sales were to occur, the Company may in the future have difficulty in offering or selling New Ordinary Shares at a time or at a price it deems appropriate.

Dividends

The dividend policy of the Company is dependent upon its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time and on the continued health of the markets in which it operates. There can be no guarantee that the Company will pay dividends in the foreseeable future.

Tax considerations

Changes in tax laws or subordinate legislation or the practice of any taxation authority could have a material adverse effect on the Company. An investment in the Company may involve complex tax considerations which may differ for each investor and each investor is advised to consult its own tax advisers. Any tax legislation and its interpretation and the legal and regulatory regimes which apply in relation to an investment in the Company may change at any time.

Investors should refer to the paragraph entitled "Taxation" in Part I of this document for a summary of the possible tax consequences of owning the New Ordinary Shares.

Securities traded on AIM

The New Ordinary Shares will be traded on AIM rather than on the official list of the London Stock Exchange (the "Official List"). An investment in shares traded on AIM may carry a higher risk than an investment in shares listed on the Official List. Investors should be aware that the value of the New Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment especially since the market in the New Ordinary Shares on AIM may have limited liquidity.

The price at which investors may dispose of their shares in the Company may be influenced by a number of factors some of which may pertain to the Company and others of which are extraneous. Investors may realise less than the original amount invested.

There is no guarantee that the Company will maintain its quotation on AIM

The Company cannot assure investors that the Company will always retain a quotation on AIM. Additionally, if in the future the Company decides to obtain a listing or quotation on another exchange in addition to AIM, the level of liquidity of the New Ordinary Shares traded on AIM could decline.

Suitability

Investment in the New Ordinary Shares may not be suitable for all readers of this document. Readers are accordingly advised to consult your stockbroker, bank manager, solicitor or accountant or other independent financial adviser, being (in the case of persons resident in the United Kingdom) an organisation or firm authorised pursuant to the FSMA who specialises in investments of this nature before making any investment decision.

Prospectus Rules

Since the Subscription and Open Offer is limited to £143,295.10, it falls within an exemption in Schedule 11A of FSMA. As such, this document does not constitute a prospectus.

Forward looking statements

This document contains forward looking statements, including, without limitation, statements containing the words "believes", "anticipates", "expects" and similar expressions. Such forward looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in this Part III. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. The Company disclaims any obligation to update any such forward looking statements in this document to reflect future events or developments.

The risks listed above do not necessarily comprise all those faced by the Company.

NOTICE OF GENERAL MEETING

Deo Petroleum plc

(Incorporated in England and Wales with registered number 03882653)

NOTICE IS HEREBY GIVEN that a general meeting of the Company will be held at the offices of Merchant John East Securities Limited at 10 Finsbury Square, London EC2A 1AD on 28 May 2010, at 10.05 a.m. (or such later time as the annual general meeting convened for 10.00 a.m. has concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolutions, resolutions 1 and 2 being ordinary resolutions, and resolutions 3 and 4 being special resolutions:

ORDINARY RESOLUTIONS

1. **THAT** subject to and conditional upon the passing of resolutions 3 and 4, pursuant to the provisions of section 551 of the Companies Act 2006 ("the Act") the directors of the Company (the "Directors") be and they are hereby generally and unconditionally authorised to exercise all of the powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company, provided that this authority shall be limited to the allotment of:

   (a) up to an aggregate nominal amount of £44,009.70 in connection with the Fundraising (as defined in the Circular);

   (b) up to an aggregate nominal amount of £30,769.30 in connection with the ratification of the allotment of certain Existing Ordinary Shares (as defined in the Circular) pursuant to the 2009 Circular (as defined in the Circular);

   (c) up to an aggregate nominal amount of £20,181.25 in addition to the authorities at (a) and (b) above,

   provided that this authority, unless it is, prior to its expiry, duly revoked or varied or is renewed, shall expire on the date falling on the earlier of 15 months from the date hereof or the date of the 2011 annual general meeting of the Company, except that the Company may allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company in pursuance of an offer or agreement so to do made by the Company before the expiry of this authority.

   This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 80 of the Companies Act 1985 or section 551 of the Act.

2. **THAT**, subject to the passing of resolution 1 above, the Directors be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot equity securities (within the meaning of section 560 of the Act) in connection with a rights issue in favour of the holders of ordinary shares in the capital of the Company (the "Ordinary Shareholders") where the equity securities respectively attributable to the Ordinary Shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them up to a maximum nominal amount of £20,181.25 provided that this authority shall expire unless sooner revoked or varied or renewed on the date falling on the earlier of 15 months from the date hereof or the date of the 2011 annual general meeting and save that the Company may, before such expiry, make an offer or arrangement which would or might require shares in the Company to be allotted after such expiry and the Directors may allot shares in the Company in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired.

SPECIAL RESOLUTIONS

3. **THAT** subject to and conditional upon the passing of resolutions 1 and 4 with effect from 6.00 p.m. on the date of the passing of this resolution:

   3.1 every 200 issued ordinary shares of 0.01p each ("Existing Ordinary Shares") in the capital of the Company be consolidated into one ordinary share of 2p each;

3.2 each resulting issued ordinary share of 2p each then be subdivided into one new deferred share of 1p each ("New Deferred Share") each and one new ordinary share of 1p ("New Ordinary Share");

3.3 every unissued Existing Ordinary Share be consolidated into New Ordinary Shares of 1p each;

3.4 the New Ordinary Shares will have the same rights and be subject to the same restrictions as the Existing Ordinary Shares in the Company's articles of association as adopted on 30 December 2009.

4. **THAT**, subject to and conditional upon the passing of resolutions 1, 2 and 3, the Directors be and they are hereby given power in accordance with section 570 of the Act to allot equity securities for cash, within the meaning of section 560(1) of the Act, pursuant to the general authority given to them by resolution 1, as if section 561(1) of the Act did not apply to the allotment, provided that this power is limited to:

(a) the allotment of 4,400,970 New Ordinary Shares in connection with the Fundraising (as defined in the Circular) at a subscription price of 13p;

(b) the ratification of the allotment of 307,693,000 Existing Ordinary Shares issued pursuant to the 2009 Circular (as defined in the Circular);

(c) in connection with an issue in favour of holders of New Ordinary Shares where the equity securities are offered to such holders in proportion (as nearly as may be) to the respective number of New Ordinary Shares held, or deemed to be held, by each such holder but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory; and

(d) otherwise than pursuant to paragraphs 4(a) and (c) above, the allotment of additional equity securities up to an aggregate nominal amount of £15,135.94,

and this authority, unless it is prior to its expiry duly revoked or varied or is renewed, will expire on the date falling on the earlier of 15 months from the date of this notice or the date of the 2011 annual general meeting of the Company, except that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired.

This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 95 of the Companies Act 1985 or section 570 of the Act.

By order of the Board

For and on behalf of David Venus & Company LLP
Company secretary

5 May 2010

Registered office
5 Old Bailey
London EC4M 7BA

NOTES

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at 6.00 p.m. on 26 May 2010 shall be entitled to attend and vote at the meeting or such adjournment thereof.

Appointment of proxies

2. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. If you wish to appoint more than one proxy, please contact the Company's Registrars, Neville Registrars on 0121 585 1131 or if calling from outside the UK, on +44 121 585 1131, or write to Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA for additional proxy forms and for assistance.

4. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form or via CREST are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

5. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

Appointment of proxy using hard copy proxy form

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

   To appoint a proxy using the proxy form, the form must be:

   – completed and signed;

   – sent or delivered to Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA; and

   – received by Neville Registrars no later than 10.05 a.m. on 26 May 2010.

   In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

   Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy via CREST

7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (formerly CRESTCo's) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must in order to be valid, be transmitted so as to be received by Neville Registrars (ID 7RA11) by no later than 10.05 a.m. on 26 May 2010. No such message received through the CREST network after this time will be accepted. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

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

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

Appointment of proxy by joint members

8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

9. To change your proxy instructions simply direct your proxy and submit new instructions using the methods set out above. Note that the cut-off time for proxies will also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

   Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Neville Registrars on 0121 585 1131 from within the UK or on +44 121 585 1131 if calling from outside the UK. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday (except UK public holidays). Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

   If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

10. In order to revoke a proxy appointment (other than a CREST Proxy appointment) you will need to inform your proxy and Neville Registrars by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice

    The revocation notice must be received by Neville Registrars no later than 10.05 am on 26 May 2010.

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

    Appointment of a proxy does not preclude you from attending the meeting and voting in person.

Communication

11. Except as provided above, members who have general queries about the meeting should contact Neville Registrars on 0121 585 1131 from within the UK or on +44 121 585 1131 if calling from outside the UK. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday (except UK public holidays). Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

    You may not use any electronic address provided either:

    - in this notice of general meeting; or
    - any related documents (including the proxy form),

    to communicate with the Company for any purposes other than those expressly stated.

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