

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** It contains resolutions to be voted on at an Extraordinary General Meeting of the Company to be held at 11:00am on 14 July 2017. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (FSMA), who specialises in advising on the acquisition of shares and other securities.

If you have sold or otherwise transferred all of your Ordinary Shares, please immediately forward this document, together with the accompanying Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold or transferred only part of your holding of Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The London Stock Exchange has not itself examined or approved the contents of this document.**

The Ordinary Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that First Admission will become effective and that dealings in the Firm Placing Shares will commence on or around 21 June 2017 and that Second Admission will become effective and that dealings in the Conditional Placing Shares will commence on or around 17 July 2017. The Placing Shares being issued pursuant to the Placing will, on Admission, rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission and will otherwise rank *pari passu* in all respects with the then issued Ordinary Shares.

This document contains no offer of transferable securities to the public within the meaning of section 102B of the FSMA, the Act or otherwise. Accordingly, this document does not constitute a prospectus within the meaning of section 85 of the FSMA and has not been drawn up in accordance with the Prospectus Rules or approved by the FCA or any other competent authority.

---

# **BAHAMAS PETROLEUM COMPANY PLC**

*(Incorporated in the Isle of Man under the Companies Acts 1931-2004 and with Company Number 123863C)*

**Placing of 280,000,000 new Ordinary Shares at 1 pence per Ordinary Share**

**and**

**Notice of Extraordinary General Meeting**

---

**Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 8 to 13 of this document and which contains the Directors' unanimous recommendation that you vote in favour of the Resolution to be proposed at the Extraordinary General Meeting.**

**Notice of an Extraordinary General Meeting of the Company, to be held at the registered office of the Company at IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP on 14 July 2017, is set out at the end of this document. To be valid, the accompanying Form of Proxy for use in connection with the Extraordinary General Meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 11 a.m. on 12 July 2017. Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the Extraordinary General Meeting should they so wish.**

If you have any questions relating to return of the Form of Proxy, please telephone the Company's registrars on 0871 664 0300. Calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Placing nor give any financial, legal or tax advice.

Strand Hanson Limited (SH), which is regulated in the United Kingdom by the FCA, is acting as nominated adviser to the Company for the purposes of the AIM Rules. Shore Capital Stockbrokers Limited (SCS), which is a member of the London Stock Exchange and is authorised and regulated by the FCA, is acting as broker in the United Kingdom for the purposes of the AIM

Rules exclusively to the Company and no one else in connection with the Placing. Persons receiving this document should note that, in connection with the Placing, SH and SCS are acting exclusively for the Company and no one else and will not be responsible to anyone, other than the Company, for providing the protections afforded to customers of SH and SCS or for advising any other person on the transactions and arrangements described in this document. No representation or warranty, express or implied, is made by SH or SCS as to any of the contents of this document in connection with the Placing, or otherwise.

Unless otherwise excluded by the FSMA or by law, SH and SCS do not accept any liability whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by them, or on their behalf, in respect of the Placing. SH and SCS accordingly disclaim all and any liability which they might otherwise have in respect of this document.

This document does not constitute or form part of any offer or instruction to purchase, subscribe for or sell any shares or other securities in the Company nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with any contract therefor. The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document and/or the accompanying Form of Proxy comes should inform themselves about and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

**This document is published on 16 June 2017.**

## **IMPORTANT NOTICE**

### **Cautionary note regarding forward-looking statements**

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors' current intentions, beliefs or expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the Group's markets.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Save as required by law or by the AIM Rules, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors' expectations or to reflect events or circumstances after the date of this document.

### **Notice to overseas persons**

The distribution of this document and/or the Form of Proxy in certain jurisdictions may be restricted by law and therefore persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

### **Basis on which information is presented**

In the document, references to "pounds sterling", "£", "pence" and "p" are to the lawful currency of the United Kingdom.

### **References to defined terms**

Certain terms used in this document are defined and explained at the section of this document under the heading "Definitions".

All times referred to in this document are, unless otherwise stated, references to London time.

## CONTENTS

	<b>Page</b>
<b>Definitions</b>	<b>5</b>
<b>Expected timetable of principal events</b>	<b>7</b>
<b>Statistics relating to the Placing</b>	<b>7</b>
<b>Letter from the Chairman</b>	<b>8</b>
<b>Notice of Extraordinary General Meeting</b>	<b>14</b>

## DEFINITIONS

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

<b>"Act"</b>	the Companies Acts 1931 - 2004 (as amended);
<b>"Admission"</b>	First Admission and / or Second Admission, as the context requires;
<b>"AIM"</b>	the AIM Market operated by the London Stock Exchange;
<b>"AIM Rules"</b>	the AIM Rules for Companies published by the London Stock Exchange from time to time;
<b>"Bahamas" or "The Bahamas"</b>	The Commonwealth of The Bahamas;
<b>"Company" or "BPC"</b>	Bahamas Petroleum Company plc, a company incorporated and registered in the Isle of Man with registered number 123863C;
<b>"Competent Person's Report" or CPR"</b>	the technical report produced by Ryder Scott on the Company's assets in the southern Bahamas dated 30 June 2011;
<b>"Conditional Placing"</b>	the placing of the Conditional Placing Shares pursuant to the Placing, conditional, <i>inter alia</i> , on the passing of the Resolution at the EGM;
<b>"Conditional Placing Shares"</b>	170,000,000 of the Placing Shares, to be issued condition, <i>inter alia</i> , on the passing of the Resolution at the EGM;
<b>"CREST"</b>	the computerised settlement system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in those regulations) which facilitates the transfer of title to shares in uncertificated form;
<b>"CREST Regulations"</b>	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) as amended;
<b>"Directors" or "Board"</b>	the directors of the Company whose names are set out on page [8] of this document, or any duly authorised committee thereof;
<b>"Director Placing"</b>	the placing of the Director Placing Shares pursuant to the Placing, conditional, <i>inter alia</i> , on the passing of the Resolution at the EGM;
<b>"Director Placing Shares"</b>	20,000,000 of the Conditional Placing Shares, to be issued conditionally to Directors and members of the management team, <i>inter alia</i> , on the passing of the Resolution at the EGM;
<b>"Enlarged Share Capital"</b>	the issued ordinary share capital of the Company as enlarged by the Placing Shares;
<b>"Euroclear"</b>	Euroclear UK & Ireland Limited, the operator of CREST;
<b>"Existing Options"</b>	the 68,850,000 existing options over unissued Ordinary Shares in the Company;
<b>"Existing Ordinary Shares"</b>	the 1,230,479,096 Ordinary Shares in issue at the date of this document;
<b>"Extraordinary General Meeting" or "EGM"</b>	the general meeting of the Company to be held at 11 a.m. on 14 July 2017;
<b>"FCA"</b>	the UK Financial Conduct Authority;
<b>"FEED"</b>	Front End Engineering Design;
<b>"Firm Placing"</b>	the placing of the Firm Placing Shares pursuant to the Placing;
<b>"Firm Placing Shares"</b>	110,000,000 of the Placing Shares;
<b>"First Admission"</b>	the admission of the Firm Placing Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules;
<b>"Form of Proxy"</b>	the form of proxy accompanying this document for use by Shareholders in connection with the Extraordinary General Meeting;
<b>"Fully Diluted Share Capital"</b>	the issued share capital of the Company as enlarged by the Placing Shares, plus the Existing Options and the Warrants, assuming they were to be exercised;

<b>“FSMA”</b>	Financial Services and Markets Act 2000;
<b>“Group”</b>	the Company and its subsidiaries as at the date of this document;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“Notice of Extraordinary General Meeting”</b>	the notice convening the Extraordinary General Meeting which is set out at the end of this document;
<b>“Ordinary Shares”</b>	the Company’s ordinary shares of £0.00002 (0.002 pence) each;
<b>“Placing”</b>	the Firm Placing, the Conditional Placing, and / or the Director Placing as the context requires;
<b>“Placing Agreement”</b>	the agreement dated on or about 14 June 2017 and made between (1) SCS and (2) the Company in relation to the Placing, further details of which are set out in this document;
<b>“Placing Price”</b>	1 pence per Placing Share;
<b>“Placing Shares”</b>	the 280,000,000 new Ordinary Shares to be issued and allotted by the Company pursuant to the Placing, consisting of the Firm Placing Shares, the Conditional Placing Shares and / or the Director Placing Shares as the context requires;
<b>“Prospectus Rules”</b>	the prospectus rules made by the FCA pursuant to section 73A of the FSMA;
<b>“Resolution”</b>	the resolution set out in the Notice of Extraordinary General Meeting;
<b>“Shore Capital or SCS”</b>	Shore Capital Stockbrokers Limited, a broker for the Company for the purposes of the AIM Rules;
<b>“Strand Hanson or SH”</b>	Strand Hanson Limited, the Company’s nominated adviser for the purposes of the AIM Rules;
<b>“Second Admission”</b>	the admission of the Conditional Placing Shares and the Director Placing Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules;
<b>“Shareholders”</b>	holders of Ordinary Shares from time to time;
<b>“Southern Licences”</b>	collectively the four exploration licences held by the Company in The Bahamas, individually referred to as Bain, Cooper, Donaldson and Eneas;
<b>“UK”</b>	the United Kingdom of Great Britain and Northern Ireland; and
<b>“Warrants”</b>	the 15.6 million unlisted warrants to subscribe for new Ordinary Shares at the Placing Price per share for a period of 24 months from First Admission, to be issued to SCS as part compensation for services provided under the Placing Agreement.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2017

Announcement of the Placing and publication of this document	14 June
First Admission and commencement of dealings in the Firm Placing Shares	on or about 21 June
Latest time and date for receipt of Forms of Proxy for the Extraordinary General Meeting	By 11 a.m. on 12 July
Extraordinary General Meeting	11 a.m. on 14 July
Second Admission, completion of the Placing and commencement of dealings in the Conditional Placing Shares and the Director Placing Shares	on or about 17 July

## STATISTICS RELATING TO THE PLACING

Number of Ordinary Shares as at the date of this document	1,230,479,096
Number of Placing Shares to be issued	
• Firm Placement	110,000,000
• Conditional Placement (excluding Director Placement)	150,000,000
• Director Placement	20,000,000
• In aggregate	280,000,000
Enlarged Share Capital following the Placing	1,510,479,096
Placing Price per Placing Share	1 pence
Gross proceeds of the Placing receivable by the Company	£2.8 million
Placing Shares expressed as a percentage of the Enlarged Share Capital	approx. 18.5%
Existing Options in issue	68,850,000
Warrants to be issued as part of Placing	15,600,000
Fully Diluted Share Capital following the Placing	1,594,929,096
Placing Shares expressed as a percentage of the Fully Diluted Share Capital	approx. 17.6%

### Notes:

1. Each of the times and dates above are indicative only and are subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified by the Company to Shareholders by announcement through a regulatory information service.
2. All of the above times refer to London time unless otherwise stated.
3. The admission and commencement of dealings in the Conditional Placing Shares on AIM are conditional on, *inter alia*, the passing of the Resolution at the Extraordinary General Meeting.

## LETTER FROM THE CHAIRMAN

### Bahamas Petroleum Company plc

*(Incorporated in the Isle of Man under the Companies Acts 1931-2004 and with Company Number 123863C)*

*Directors:*

William (Bill) Schrader *(Non-Executive Chairman)*  
James Smith *(Non-Executive Deputy Chairman)*  
Adrian Collins *(Non-Executive Director)*  
Edward Shallcross *(Non-Executive Director)*  
Ross McDonald *(Non-Executive Director)*  
Simon Potter *(Chief Executive Officer)*

*Registered Office:*

IOMA House  
Hope Street  
Douglas  
Isle of Man  
IM1 1AP

16 June 2017

Dear Shareholders

### **Placing of 280,000,000 Placing Shares at 1 pence per share**

**and**

### **Notice of Extraordinary General Meeting**

#### **1. Introduction**

By way of announcements on 14 June 2017 and 16 June 2017, the Company has announced that it is proposing to raise £2.8 million (before expenses) through a placing of 280,000,000 Placing Shares at the Placing Price. Further details of the terms of the Placing are set out below under the heading "Details of Placing" and "Use of Proceeds".

110,000,000 of the Placing Shares are being placed pursuant to existing authorities granted to the Directors by clause 6.4.4 of the Company's Articles of Association whilst the remaining 170,000,000 Placing Shares are being placed conditional, *inter alia*, on the passing of the Resolution being proposed at the EGM. The Firm Placing is conditional, *inter alia*, on First Admission (which is expected to become effective with dealings in the Firm Placing Shares to commence on or about 21 June 2017); and the Conditional Placing (inclusive of the Director Placing) is conditional, *inter alia*, on Second Admission (which is expected to become effective with dealings in the Conditional Placing Shares (inclusive of the Director Placing Shares) to commence on or about 17 July 2017). The Placing has not been underwritten.

**The main purpose of this document is to set out the reasons for, and details of, the Placing, to explain why the Directors consider that the Placing is in the best interests of the Company and its Shareholders as a whole, and to recommend that you vote in favour of the Resolution to be proposed at the Extraordinary General Meeting, notice of which is set out at the end of this document.**

## 2. Details of Placing

The Placing will raise, in aggregate, £2.8 million (before commissions and expenses) through the placing of the Placing Shares at a price of 1 pence per share with institutional and other investors. Having considered the price at which the Ordinary Shares are currently traded, liquidity, the financial situation of the Company, feedback from investor marketing, and other factors, the Directors have resolved that the Placing Price is appropriate.

The Firm Placing Shares are being placed pursuant to existing authorities granted to the Directors by the Company's Articles of Association while the Conditional Placing Shares (inclusive of the Director Placing Shares) are being placed conditional, *inter alia*, on the passing of the Resolution at the EGM.

The Placing Shares, when issued, will represent approximately 18.5% of the Company's Enlarged Share Capital immediately following Second Admission (and approximately 17.6% of the Company's Fully Diluted Share Capital following Second Admission). The Placing Shares will rank in full for all dividends with a record date on or after the date of Admission and otherwise equally with the Ordinary Shares in issue from the date of Admission.

The Firm Placing (which is not being underwritten) is conditional, amongst other things, upon:

- (a) the Placing Agreement becoming unconditional in all respects (save for First Admission and Second Admission) and not having been terminated in accordance with its terms prior to First Admission; and
- (b) Admission of the Firm Placing Shares becoming effective on or before 8.00 am on 21 June 2017 or such later date as the Company, Shore Capital and Strand Hanson may agree, being no later than 8.00 am on 31 July 2017.

The Conditional Placing (inclusive of the Director Placing) (which is not being underwritten) is conditional, amongst other things, upon:

- (a) the Placing Agreement becoming unconditional in all respects (save for Second Admission) and not having been terminated in accordance with its terms prior to Second Admission;
- (b) the Resolution set out in the Notice of Extraordinary General Meeting forming part of this Circular being approved by the Shareholders; and
- (c) Admission of the Conditional Placing Shares (inclusive of the Director Placing Shares) becoming effective on or before 8.00 am on 17 July 2017 or such later date as the Company, Shore Capital and Strand Hanson may agree, being no later than 8.00 am on 31 July 2017.

### 2.1. The Placing Agreement

Pursuant to the terms of the Placing Agreement, Shore Capital has conditionally agreed to use its reasonable endeavours, as agent for the Company, to procure subscribers for the Placing Shares at the Placing Price with certain institutional and other investors.

The Placing Agreement contains warranties from the Company in favour of Shore Capital in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Group and its business. In addition, the Company has agreed to indemnify Shore Capital in relation to certain liabilities it may incur in respect of the Placing. Shore Capital has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a material breach of the warranties given in the Placing Agreement, the failure of the Company to comply in any material respect with its obligations under the Placing Agreement, the occurrence of a *force majeure* event which in Shore Capital's opinion may be material and adverse to the Company or the Placing, or a material adverse change affecting the financial position or business or prospects of the Company.

### 2.2. Placing Warrants

15.6 million unlisted warrants, to subscribe for new Ordinary Shares at the Placing Price per share for a period of 24 months from Second Admission, are to be issued to SCS as part compensation for services provided under the Placing Agreement.

### 2.3. Settlement and dealings

Application will be made to the London Stock Exchange for the Firm Placing Shares to be admitted to trading on AIM. It is expected that First Admission will become effective and that dealings in the Firm Placing Shares will commence on or about 21 June 2017.

Application will be made to the London Stock Exchange for the Conditional Placing Shares (inclusive of the Director Placing Shares) to be admitted to trading on AIM. It is expected that Second Admission will become effective and that dealings in the Conditional Placing Shares (inclusive of the Director Placing Shares) will commence on or about 17 July 2017, subject to the passing of the Resolution at the EGM.

The Placing Shares being issued pursuant to the Placing will, on Admission, rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission and will otherwise rank *pari passu* in all respects with the issued Ordinary Shares.

### **3. Rationale for Placing**

The Company has been engaged in an active process to secure the financing required to undertake drilling on the Company's highly prospective Southern Licences. This process is ongoing.

It has been and remains the Company's strategy to secure such financing via a "farm-in", whereby another entity (ideally, but not necessarily, a major or large independent international oil and gas company) will acquire an interest in the Southern Licences, and in exchange will pay for all or a substantial part of the cost of drilling, and also reimburse the Company a proportion of the past costs incurred by the Company on those Southern Licences. This is a fairly typical structure for financing in the oil and gas industry.

A considerable number of suitable partners have engaged with the Company on the farm-out process, including undertaking technical and commercial due diligence and entering into negotiations. On this basis, the Company had hoped to have secured an acceptable farm-in with a suitable partner by this stage. However, the process of securing a farm-in partner has been hampered by a number of factors, and has thus taken much longer than anticipated.

These factors have included the substantial reduction in the oil price during 2016, which resulted in a freeze on or slow-down in consideration of new business opportunities in many large oil companies. This also included the longer than anticipated time that it took to secure renewal of the Company's licences, and the longer than anticipated period of time taken for the adoption and enactment of new petroleum laws and regulations in The Bahamas.

More recently, the Company's view is that there has been a noticeable improvement in general oil industry sentiment: the oil price has appeared to stabilize, and recent market activity suggests that major oil companies are more actively evaluating and investing in exploration projects than they have in the past several years. As such, the Company believes the industry has passed the bottom of the cycle. At the same time, there is now certainty in relation to a number of "above ground" issues specific to the Company and its assets: the Company's licences have been renewed and extended such that timing and work obligations are clear, and the overarching legislative framework in The Bahamas is now fully in place and enacted. And the fundamentals of the Company's project have not changed: potentially multi-billion-barrel prospects, attractive fiscal terms, and proximity to the world's largest oil market with infrastructure and services.

The Company thus remains committed to the strategy of seeking a farm-in, and remains confident of eventual success. Discussions are continuing with a number of potential farm-in partners or investors, and in view of the general improvement in market conditions, others have recently been seeking to re-engage in the process.

The purpose of the Placing is therefore to enable the Company additional time and financial capacity to successfully complete the farm-in process. If the Placing does not occur, the Company's cash resources are such that there is a very real prospect of the Company exhausting its available funding prior to a farm-in being completed.

The Company also considers that its negotiating position in potential farm-in discussions will be strengthened by having additional capital and a deeper shareholder base.

It is noted that despite the Company's confidence in this regard, no assurance can be provided that a farm-in or other financing will be concluded, or on what terms, or in what timeframe.

### **4. Use of Proceeds**

The Company intends to use the net proceeds of the Placing for licence fees, project development, and general business expenses while the Company seeks to complete a farm-in with an industry partner or other financing sufficient to enable drilling of an initial well on the Company's Southern Licences. The net proceeds of the Placing will ensure that the Company has sufficient working capital for at least the next 12 months, by which time the Directors expect to have completed a farm-in or otherwise secured the funding to enable drilling to occur on its Southern Licences.

Approximately 70% of the funds raised will be expended on costs and expenses considered necessary to ensure the Company and the Southern Licences, which comprise the Company's primary asset, are maintained in good

order pending and through the farm-in process. These costs and expenses include, *inter alia*, licence fees, direct in-country costs and expenses (for example, the cost of maintaining a physical office presence and data-room in The Bahamas), essential staff costs (and in particular, local Bahamian staff), and other necessary fees and expenses.

A further approximately 10% will be applied towards general expenses considered necessary to see the Company through the farm-in process, including the costs associated with maintaining the Company's AIM listing (for example, AIM fees).

It is noted that the Company had previously announced that the Directors of the Company had agreed to defer 50% of their fees, with such deferred fees to be repaid in shares conditional on successful conclusion of a farm-in or other financing sufficient for the drilling of an initial exploration well on the Southern Licences. The Company has also previously announced that the CEO of the Company had agreed to defer 90% of all salary on the same basis. These arrangements will continue to apply such that only a relatively small percentage of the funds raised (less than 8%) will be applied to remuneration of the Chief Executive and Board (in the absence of a farm-in).

## **5. Business Overview**

The Company currently has five exploration licences for oil exploration covering approximately 16,000 km<sup>2</sup> (4 million acres) in the territorial waters and maritime Exclusive Economic Zone of The Bahamas. The five exploration licences, referred to as Bain, Cooper, Donaldson, Eneas (these four licences together referred to as the Southern Licences) and Miami are held through wholly-owned subsidiaries of the Company, and were initially awarded on April 26, 2007 for a period of twelve years, with renewal nominally every three years. Subsequently, the Company received a number of extensions on the initial three-year term of each of the licences such that the second term for the Southern Licences commenced on the 8 June 2015.

On entering this second term for the Southern Licences the Company was obliged to commence activity on an initial exploration well with equipment capable of drilling to a depth of at least 18,000 feet by April 2017. In March 2017 this date was subsequently extended by agreement with the Government of The Bahamas to April 2018, with all attendant licence obligations correspondingly extended.

In respect of the Miami licence the Company remains in discussion with the Government concerning the nature and extent of any future obligations associated with entering a second term should it so wish.

In addition to the Southern Licences, the Company made applications with the Government initially for a further five licences in the Cay Sal region of The Bahamas on-trend from the existing acreage holdings but in 2015 consolidated these applications from five to three. For these three revised applications, approval is pending.

At the conclusion of the second term for the Southern Licences they may be extended for two further exploration periods of up to three years, on approval of The Bahamas Government, with an obligation to commence the drilling of a new exploration well essentially every two years following the initial exploration well. At any time the Company may apply for a production lease in respect of all or part of the area covered by the Southern Licences. Any such production lease would give the Company the right to produce petroleum from that production area for a term of 30 years.

After the Company was awarded its licences in 2007, the first task was to collect all available historic geological and geophysical data from previous oil exploration projects in the country. As a result of a three-year international search and the purchase of historical materials from oil companies, universities and research institutions, the Company acquired extensive material which included well cores, rock samples and thin sections, a large amount of regional 2D seismic data (of varying quality), magnetic and gravity data and well logs. Once acquired this data was re-examined using modern technologies and interpretative techniques the results of which provided the Company with the encouragement to invest further in the acquisition of new information, particularly seismic data, to better understand the detail of the petroleum systems and ultimate scale potential within the Company's licences.

In 2010 and 2011 the Company undertook the first modern seismic survey in the southern Bahamas since the 1980s. The results of this 2D seismic acquisition confirmed the presence of several large structures and provided the basis for an independent Competent Person's Report ("**CPR**") completed by Ryder Scott and released in July 2011. The CPR report provided an assessment of the hydrocarbon potential in the Bain, Cooper and Donaldson licensed areas. The key findings of the CPR report were the existence of multiple structures over these areas with considerable unrisked recoverable prospective resources of oil at a number of different reservoir horizons.

Subsequently the Company completed a 3D seismic survey in 2011 of 3,076 km<sup>2</sup> within the Southern Licence area using the latest BroadSeis technology. The results of this 3D seismic survey not only better defined the prospective structures mapped on the 2D seismic survey, confirming that The Bahamas has petroleum potential within multiple, very large potential prospects, but also provided the data necessary to be able to design a well with the best chance of technical success at a reasonable cost estimate whilst being optimised from a safety perspective.

Since 2012, the Company has undertaken the FEED phase of the project to construct a number of well plan options, including various reviews of the previously drilled wells and subsequent updates taking into account changing global rig rates and conditions and providing a range of locations for the drilling of an exploration well to a depth of up to approximately 22,500 feet, which is estimated could take up to 120 days to drill and log.

Hitherto, a prerequisite for any drilling campaign has been the adoption of new safety and environmental regulations by The Bahamas Government. Such modernised and strengthened regulations were, following a three and a half year process, finally promulgated in July 2016, following enactment of updated Petroleum Legislation in March of the same year. These regulations for the first time include the concept of Environmental Authorisation as a part of the commencement of well activities which require the submission of both an Environmental Impact Assessment (“EIA”) and an Environmental Management Plan (“EMP”).

Accordingly, the Company has already submitted an EIA to the Bahamas Environment, Science and Technology Commission. The report determines the most likely impacts any exploration activities may have on the environment within the country and seeks to illustrate mitigating actions the Company could take. The Company has also sought to submit its EMP, which includes amongst other things an H<sub>2</sub>S plan, an Oil Spill Contingency Plan and an Emergency Response Plan, incorporating worst case discharge results, to The Bahamas Government and awaits its direction. The final preparation of the EMP document relies on site-specific and rig-specific data and will therefore be completed when The Bahamas Government mandate is received and a rig is identified.

The current proposed location of the first exploration well is in the Cooper - Donaldson licensed area, approximately 80 miles from Andros Island and 25 miles from the nearest Cuban islands. Ultimately the final well cost is highly dependent on spread rate, which includes rig rate and all support costs, but given recent developments in the global rig market is anticipated to be in the range of \$60 million to \$80 million. If commercial quantities are indicated from the exploratory well then the Company would proceed to the appraisal drilling phase thereafter.

## **6. Participation in the Placing by Directors and management**

Various Directors, including the CEO, and other members of the Company’s management team are participating in the Conditional Placing, by subscribing for 20,000,000 Placing Shares in aggregate at the Placing Price, or approximately 12% of the total Conditional Placing.

## **7. Extraordinary General Meeting**

Set out at the end of this document is a notice convening the Extraordinary General Meeting to be held at the Company’s registered office at IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP on 14 July 2017 at 11 a.m., at which the following Resolution will be proposed:

### *Special Resolution*

1. That the Directors be granted the unconditional authority, pursuant to Article 6.7 of the Company’s Articles of Association, to allot and issue up to 170,000,000 new Ordinary Shares in the capital of the Company and to issue the Warrants as if the pre-emption provisions contained within Article 6.3 of the Company’s Articles of Association did not apply to such allotment and issue.

The Resolution will be proposed as a special resolution and require a majority of 75 per cent (75%) or more of the Shareholders voting in person or by proxy in favour of the resolution.

## **8. Action to be taken**

The Form of Proxy for use at the Extraordinary General Meeting accompanies this document. Whether or not you intend to be present at the Extraordinary General Meeting, the Form of Proxy should be completed and signed in accordance with the instructions thereon and returned to the Company’s registrars, Capita Registrars, PXS, 34

Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible, but in any event so as to be received by no later than 11 a.m. on 12 July 2017. Unless the Form of Proxy is received by this date and time, it will be invalid. Alternatively, CREST members who wish to appoint a proxy or proxies via CREST may do so in accordance with the procedures set out in the Notice of Extraordinary General Meeting and the Form of Proxy. **The completion and return of the Form of Proxy or appointment of a proxy via CREST will not preclude Shareholders from attending the Extraordinary General Meeting and voting in person should they so wish.**

#### **9. Recommendation**

**The Directors consider the Placing to be in the best interests of the Company and its Shareholders as a whole and accordingly unanimously recommend Shareholders to vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting, as they and their associated parties intend to do in respect of their beneficial holdings.**

Yours faithfully

**Bill Schrader**

*Non executive Chairman*

## **Bahamas Petroleum Company plc**

*(Incorporated in the Isle of Man under the Companies Acts 1931-2004 and with Company Number 123863C)*

### **Notice of Extraordinary General Meeting**

**Notice** is hereby given that an extraordinary general meeting (**Meeting**) of Bahamas Petroleum Company plc (**Company**) will be held at the Company's registered office at IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP on 14 July 2017 at 11 a.m., for the purpose of considering and, if thought fit, passing the following resolution (**Resolution**), as a Special Resolution:

1. **THAT** the Directors be and hereby are granted the unconditional authority, pursuant to Article 6.7 of the Company's Articles of Association, to allot and issue up to 170,000,000 new ordinary shares in the capital of the Company and the Warrants as if the pre-emption provisions contained within Article 6.3 of the Company's Articles of Association did not apply to such allotment and issue, provided that such authority, unless renewed, shall expire on 31 December 2017, but shall extend to the making, before such expiry, of an offer or agreement which would or might require ordinary shares to be allotted after such expiry and the Directors may allot ordinary shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

*Dated* 16 June 2017

**BY ORDER OF THE BOARD**

Benjamin Proffitt

Company Secretary

*Registered office:*

IOMA House  
Hope Street  
Douglas  
Isle of Man  
IM1 1AP

*Notes:*

- 1) A member entitled to attend and vote at the Meeting may appoint one or more proxies to attend and (on a poll) vote instead of him. A proxy need not be a member of the Company.
- 2) A Form of Proxy is provided with this notice. Completion and return of such a proxy will not prevent a member from attending the Meeting and voting in person.
- 3) To be effective, the Form of Proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be deposited with Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time of the holding of the Meeting or any adjournment thereof.
- 4) In the case of joint holders, the vote of the senior who attends to vote, whether in person or by proxy, will be accepted to the exclusion of votes of the joint holders. For this purpose seniority is determined by the order in which the names stand in the register of members.
- 5) Every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative (not being himself a member entitled to vote), shall on a show of hands have one vote and on a poll every member present in person or by proxy or (being a corporation) by a duly authorised representative shall have one vote for each share of which he is the holder. A special resolution is passed either (i) on a show of hands by a majority of not less than 75 per cent. of the votes cast by such members as are present and eligible to vote at the relevant meeting; or (ii) on a poll of members of the Company by a majority of not less than 75 per cent. of the votes cast by members present and eligible to vote at the meeting.
- 6) Pursuant to Regulation 22(1) of the Uncertificated Securities Regulations 2005 of the Isle of Man (SD No. 754/05), the Company has specified that only those members registered on the register of members of the Company at close of business on 12 July 2017 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the register of members after close of business on 12 July 2017 shall be disregarded in determining the rights of any person to attend and vote at the meeting. Holders of the Firm Placing Shares will be entitled to vote at the Meeting.
- 7) Where a corporation is to be represented at the Meeting by a personal representative, such corporation must

deposit a certified copy of the resolution of its directors or other governing body authorising the appointment of the representative at the Company's registered office address not later than 48 hours before the time appointed for the Meeting.

- 8) If the Chairman of the Meeting, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result, any member holding 3 per cent. or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority.
- 9) As at 14 June 2017, being the last practicable date prior to the printing of this Notice, the Company's issued share capital consisted of 1,230,479,096 Ordinary Shares carrying one vote each. Therefore, the total number of voting rights in the Company as at 14 June 2017 is 1,230,479,096.