

THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if you are resident outside the United Kingdom, from another appropriately qualified financial adviser.

If you have sold or transferred all of your Ordinary Shares please forward this document together with the accompanying Form of Proxy, as soon as possible 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.

Subject, *inter alia*, to the Resolutions being passed, application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on the AIM market of the London Stock Exchange. It is expected that Admission will become effective and that dealings in the Placing Shares will commence on AIM on 20 February 2018. The Placing Shares will rank *pari passu* in all respects with the Existing Ordinary Shares.

DIVERSIFIED GAS & OIL PLC

(Incorporated and registered in England and Wales with registered number 09156132)

Proposed Acquisition of Alliance Petroleum Corporation and certain gas and oil assets in the Appalachian Basin

Placing of 166,400,000 new Ordinary Shares of 1 pence each at 80 pence per Ordinary Share

Notice of General Meeting

Your attention is drawn to the letter from the Chairman of the Company set out in this document in which the Directors unanimously recommend that you VOTE IN FAVOUR of the Resolutions to be proposed at the General Meeting.

A notice convening a General Meeting of the Company to be held at Buchanan Communications Ltd, 107 Cheapside, London, EC2V 6DN at 11.00 a.m. on 19 February 2018 is set out at the end of this document. A Form of Proxy for use at the General Meeting is enclosed. Whether or not you intend to attend the General Meeting in person, please complete, sign and return the accompanying Form of Proxy in accordance with the instructions printed on it as soon as possible but, in any event, so as to be received by Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen B63 3DA no later than 11.00 a.m. on 15 February 2018, being 48 hours before the time appointed for the holding of the General Meeting (excluding any part of a day which is not a Business Day). Completion and posting of the Form of Proxy will not prevent you from attending and voting in person at the General Meeting if you wish to do so.

This document contains forward-looking statements which are subject to assumptions, risks and uncertainties. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, there can be no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by those forward-looking statements. Each forward-looking statement is correct only as of the date of the particular statement. The Company does not undertake any obligation publicly to update or revise any forward-looking statement as a result of new information, future events or other information, although such forward-looking statements will be publicly updated if required by the AIM Rules or by law.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been so authorised. The delivery of this document shall not, under any circumstances, create any implication that there has not been any change in the affairs of the Company since the date of this document or that the information is correct as of any subsequent time.

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PLACING AND ACQUISITION STATISTICS

| | |
|---|-----------------|
| Number of Existing Ordinary Shares ¹ | 145,076,087 |
| Placing Shares as percentage of Existing Ordinary Shares | 114.7 per cent. |
| Number of Ordinary Shares in issue following Admission ² | 311,476,087 |
| Placing Shares as percentage of Enlarged Share Capital ² | 53.4 per cent. |
| Net proceeds of the Placing | \$180.0 million |

ESTIMATED TIMETABLE OF PRINCIPAL EVENTS

| | |
|---|--------------------------------|
| Posting of this document and the Form of Proxy | 1 February 2018 |
| Latest time and date for receipt of Forms of Proxy | 11.00 a.m. on 15 February 2018 |
| General Meeting | 11.00 a.m. on 19 February 2018 |
| Admission of Placing Shares to trading on AIM | 20 February 2018 |
| Expected completion of Alliance Petroleum Acquisition | 7 March 2018 |
| Expected completion of Appalachian Gas Acquisition | 30 March 2018 |

Notes:

- (1) As at the close of business on 30 January 2018, being the last practicable Business Day prior to the publication of this document.
- (2) Assuming no further issue of Ordinary Shares prior to the issue of the Placing Shares.
- (3) Each of the dates in the above timetable is subject to change. Changes to the above timetable will be notified through a Regulatory Information Service and/or to Shareholders, as appropriate.
- (4) References to times in the document are to London, UK time (unless otherwise stated).
- (5) Conversion of \$ figures to £ in this document are at an exchange rate of \$1.42: £1.00.

PART I – LETTER FROM THE CHAIRMAN OF THE COMPANY

DIVERSIFIED GAS & OIL PLC

(Incorporated and registered in England and Wales with registered number 09156132)

Directors:

Robert Marshall Post *(Non-Executive Chairman)*
Robert “Rusty” Russell Hutson Jr. *(Chief Executive Officer)*
Bradley Grafton Gray *(Finance Director & U.S. Chief Operating Officer)*
David Edward Johnson *(Non-Executive Director)*
Martin Keith Thomas *(Non-Executive Director)*

Registered Office:

27/28 Eastcastle Street
London
W1W 8DH

1 February 2018

Dear Shareholder

Proposed Acquisition of Alliance Petroleum Corporation and certain gas and oil assets in the Appalachian Basin

Placing of 166,400,000 new Ordinary Shares of 1 pence each at 80 pence per Ordinary Share

Notice of General Meeting

1. Introduction

DGO announced yesterday that a conditional sale and purchase agreement to acquire the entire share capital of Alliance Petroleum Corporation (“Alliance Petroleum”) had been signed. The Board also announced that the Company had agreed in principle to acquire certain producing gas and oil assets from a major NYSE listed energy company (the “Appalachian Vendor”). The wells of both Alliance Petroleum and the Appalachian Vendor are close to the Company’s existing operations in the Appalachian Basin in the eastern United States, principally in Pennsylvania and West Virginia, with some wells in Ohio.

Alliance Petroleum is to be acquired for a total cash consideration of \$95.0 million (approximately £66.9 million) and the cash consideration for the Appalachian Gas Acquisition is \$85.0 million (approximately £59.9 million).

On Completion of the Acquisitions, the Company anticipates that its total net working interest production will increase by 173 per cent. to approximately 28,133 boed and its net working interest PDP reserves will grow by 217 per cent. to 173.2 MMboe, resulting in an annualised EBITDA of \$70-75 million.

The Board was also pleased to announce yesterday an oversubscribed conditional placing of 166,400,000 new Ordinary Shares at a price of 80 pence per Ordinary Share, raising net proceeds of \$180 million, to fund the Acquisitions. The Placing is not conditional upon completion of the Acquisitions.

The purpose of this document is to provide Shareholders with information regarding the Acquisitions and the Placing, and to convene a General Meeting at which the Resolutions seeking Shareholder authority for the issue of the Placing Shares will be put to Shareholders. If the Resolutions are not passed, the Company will be unable to issue the Placing Shares and the Company will not be able to proceed with the Acquisitions.

Further information about the Acquisitions, the Placing and the Company’s current trading and prospects is set out below. Additional information about the Company and its assets, financial information and constitutional documents can be found on the Company’s website at: www.diversifiedgasandoil.com.

2. Background to, and reasons for, the Acquisitions and the Placing

DGO was founded in 2001 to acquire, develop and operate producing gas and oil wells in the Appalachian Basin in Pennsylvania, Ohio and West Virginia, in the eastern United States. With the rapid emergence of shale gas and oil across the United States in the mid to late 2000s, the Company saw an opportunity to acquire and consolidate conventional assets being divested by other industry participants. The Company established a strong asset base, increasing gross production from c.1,000 gross boed in 2010 to 4,333 gross boed in 2016.

In February 2017, the Company's Ordinary Shares were admitted to trading on AIM raising US\$50 million. Since IPO the Company has made three acquisitions, including the acquisition, through a reverse takeover of certain of the gas and oil assets of Titan Energy LLC. The Company currently has PDP reserves of 54.4 MMboe and net production of approximately 10,300 boed. The Company is also committed to returning cash to Shareholders and pays a dividend, with its stated policy to pay approximately 40 per cent. of free cash flow to Shareholders and in 2017 it paid an aggregate of 3.98 US cents per Ordinary Share by way of dividend.

The Board has continued to review further potential acquisition opportunities, and has now identified two significant opportunities, details of which are set out below.

3. The Acquisitions

Alliance Petroleum Acquisition

DGO Corp has entered into a conditional sale and purchase agreement to acquire Alliance Petroleum Corporation, a subsidiary of Lake Fork Resources Acquisition Corporation ("LFRA"), pursuant to which DGO Corp has agreed to purchase all of the outstanding shares of capital of stock of Alliance Petroleum.

The total consideration for the Alliance Petroleum Acquisition is \$95.0 million (£66.9 million) comprising the purchase price of \$70 million (£49.3 million), plus repayment of certain debts of Alliance Petroleum in the amount of \$25.0 million (approximately £17.6 million), to be satisfied in cash at closing. The purchase price for the Alliance Petroleum Acquisition is subject to adjustment in accordance with the terms of the Alliance Petroleum Acquisition Agreement. The Alliance Petroleum Acquisition is scheduled to be completed on 7 March 2018.

The assets of Alliance Petroleum comprise approximately 13,000 producing gas wells close to the Company's existing operations in the Appalachian Basin principally in Pennsylvania and West Virginia, with some wells in Ohio. Alliance Petroleum has proven reserves of approximately 49.3 MMboe with an estimated NPV₁₀ of \$168 million (£118.3 million), as estimated by Wright & Co., the Company's independent reserves auditor. Current net daily production is approximately 53 Mcfed (8,800 boed). Based on trading in the 11 months to 30 November 2017, Alliance Petroleum generated unaudited annualised pre-tax profits of \$13.5 million (£9.5 million).

The Alliance Petroleum Acquisition Agreement contains certain undertakings and warranties given by LFRA in relation to Alliance Petroleum, which are usual for a transaction of this nature. Claims under the warranties generally must be brought within eight months of the closing of the Alliance Petroleum Acquisition. The Alliance Petroleum Acquisition Agreement contains certain special warranties, such as those related to Alliance Petroleum's organisation and capital structure, for which there is no time limit for claims to be brought.

The Alliance Petroleum Acquisition Agreement is capable of termination by DGO Corp prior to closing if LFRA commits a material breach or fails to perform its representations, warranties and covenants and such breach or failure to perform is not cured within ten days after receiving notice thereof.

DGO Corp has agreed to use reasonable efforts to continue the employment of certain of Alliance Petroleum's senior management at their respective current rates of benefits and pay for a minimum period of twelve months following closing of the Alliance Petroleum Acquisition and will not terminate such employees except for cause.

If the conditions to closing are not satisfied due to breach by either party to the Alliance Petroleum Acquisition Agreement, the non-breaching party that elects to terminate the Alliance Petroleum Acquisition Agreement

has the right to receive the deposit of \$1.75 million delivered by DGO Corp that is held in escrow pending completion of the Alliance Petroleum Acquisition. The receipt of this deposit would be LFRA's sole remedy.

Appalachian Gas Acquisition

DGO Corp has agreed in principle the terms of a sale and purchase agreement with the Appalachian Vendor for the conditional acquisition of certain oil and gas leaseholds, wells, working interests, licenses, related equipment and other assets.

The consideration for the Appalachian Gas Acquisition is \$85.0 million (approximately £59.9 million), which will be payable in cash on Completion. The consideration for the Appalachian Gas Acquisition will be subject to adjustment in accordance with the terms of the Appalachian Gas Acquisition Agreement. The Appalachian Gas Acquisition is scheduled to be completed on 30 March 2018.

The Appalachian Gas Acquisition assets comprise approximately 11,000 producing gas wells, close to the Company's existing operations in the Appalachian Basin, principally in Pennsylvania and West Virginia. These assets represent proven reserves of approximately 69.3 MMboe with an NPV₁₀ of \$178 million (£125.4 million) as estimated by Wright & Co. Current net daily production is approximately 54 Mcfed (9,000 boed). In the 12 months to 31 December 2017 the Appalachian Gas Acquisition assets are estimated to have generated operating profits of approximately \$14.5 million (£10.2 million).

The Appalachian Gas Acquisition Agreement and related documents are expected to contain certain warranties and indemnities which will be announced when the Appalachian Gas Acquisition Agreement is signed by the parties.

4. The Placing

The Company has conditionally raised \$189.0 million (£133.1 million), before expenses through the Placing of 166,400,000 Placing Shares at 80 pence per Placing Share with certain existing and new institutional investors. Estimated net proceeds of the Placing are \$180.0 million (£126.8 million). The Placing has been undertaken by Mirabaud and Stifel as joint bookrunners. The Placing Price represents a premium of approximately 1.3 per cent. to the Company's closing mid-market price of 79 pence on 30 January 2018.

Use of Proceeds

The proceeds of the Placing and the Company's existing resources will be applied as set out below:

| | <i>\$ million</i> |
|--|-------------------|
| Alliance Petroleum Acquisition consideration | 70.0 |
| Alliance Petroleum debt repayment | 25.0 |
| Appalachian Gas Acquisition consideration | 85.0 |
| Additional working capital | 3.4 |
| Costs | 11.5 |
| | <hr/> |
| | 194.9 |
| | <hr/> <hr/> |

The issue of the Placing Shares is conditional, *inter alia*, on the passing of the Resolutions at the General Meeting. The Placing Shares will represent approximately 53.4 per cent. of the Enlarged Share Capital on Admission. The Placing is not underwritten or otherwise guaranteed.

On 31 January 2018, the Company, Mirabaud, Stifel and Smith & Williamson entered into the Placing Agreement pursuant to which Mirabaud and Stifel agreed, subject to certain conditions, to use their reasonable endeavours to procure subscribers for the Placing Shares pursuant to the Placing.

The Placing is conditional, *inter alia*, upon:

- (i) the Resolutions to be proposed at the General Meeting being passed without amendment;
- (ii) compliance by the Company in all material respects with its obligations under the Placing Agreement;
- (iii) each of the Acquisition Agreements having been signed, and not being terminated; and

- (iv) Admission having become effective by not later than 8.00 a.m. on 20 February 2018 or such later date as the parties shall agree being not later than 8.00 a.m. on 27 February 2018.

Under the Placing Agreement, which may be terminated by Mirabaud, Stifel or Smith & Williamson in certain circumstances (including *force majeure*) prior to Admission, the Company has given certain warranties and indemnities to Mirabaud, Stifel and Smith & Williamson concerning, *inter alia*, the accuracy of the information contained in this document.

Application has been made for the Placing Shares to be admitted to trading on AIM, subject to the passing of the Resolutions at the General Meeting. It is expected that Admission will become effective and that dealings in the Placing Shares will commence on AIM on 20 February 2018.

The Placing Shares will rank, on issue, *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends and distributions paid or made in respect of the Ordinary Shares including the recommended final dividend in respect of the year ended 31 December 2017 expected to be paid in May 2018. The Placing Shares will be issued free from all liens, charges and encumbrances.

5. Current Trading and Prospects

2017 was a year of significant growth for DGO as the Company delivered on all of the objectives it set out at the time of its admission to AIM in February 2017. Completing a total of three acquisitions through the year, including the transformative acquisition of assets from Titan Energy LLC which completed fully in October 2017, DGO ended the year with daily production of approximately 10,300 boed.

The Board is pleased to report that trading for the year to 31 December 2017 remains in line with market expectations and prospects for 2018 look very encouraging. The Company continues to extract significant improvements in operational efficiencies across the portfolio. For the period from 1 June to 30 November 2017 the Company's average operating cost was \$7.46 per boe.

The Board continues to evaluate additional acquisition opportunities. Following completion of the Placing the Company will have unutilised headroom within its current debt facility of approximately \$35 million. The Board is evaluating various options to restructure the current debt facility and is confident that it will be in a position to conclude this process shortly. This will enable the Company to pursue further attractive acquisition opportunities, while avoiding the need to raise further equity share capital in the foreseeable future.

The Company expects to announce its full year results to 31 December 2017 on or before 30 April 2018 and anticipates that it will recommend a final dividend for payment in May 2018.

6. Financial Information

Audited accounts for the Group for each of the three years ended 31 December 2016, 31 December 2015 and 31 December 2014 are available on the Company's website at www.diversifiedgasandoil.com, as are the unaudited interim accounts for the six months ended 30 June 2017.

7. General Meeting

The issue of the Placing Shares is conditional upon, *inter alia*, the approval by Shareholders of the Resolutions to be proposed at the General Meeting of the Company which has been convened for 11.00 a.m. on 19 February 2018. A notice convening the General Meeting to be held at Buchanan Communications Ltd, 107 Cheapside, London, EC2V 6DN at 11.00 a.m. on 19 February 2018 is set out at the end of this document, at which the following Resolutions will be proposed to enable the issue of the Placing Shares:

Resolution 1 – Authority to allot shares

Resolution 1 is an ordinary resolution to authorise the Directors under Section 551 of the Act to issue and allot Ordinary Shares. The Act requires that the authority of Directors to allot shares and to make offers or agreements to allot shares in the Company or grant rights to subscribe for or convert any security into shares ("relevant securities") should be subject to the approval of Shareholders in a general meeting or to an authority set out in the Company's Articles. Accordingly, Resolution 1 will be proposed to authorise the

Directors to allot relevant securities in respect of the issue of the Placing Shares, and up to £147,881.25 representing 14,788,125 new Ordinary Shares to satisfy awards under the Company's share option scheme and to satisfy warrants outstanding granted by the Company and otherwise up to a total nominal value of £978,792.64 representing 97,879,264 new Ordinary Shares (being approximately 31.4 per cent. of the Enlarged Share Capital). This authority will expire on the conclusion of the Company's next Annual General Meeting.

Resolution 2 – Disapplication of statutory pre-emption rights

Resolution 2 is a special resolution to disapply statutory pre-emption rights under Section 571 of the Act in respect of equity securities (as defined in Section 560 of the Act). The Act requires that any equity shares issued wholly for cash must be offered to existing Shareholders in proportion to their existing shareholdings unless otherwise approved by Shareholders in general meeting or accepted under the Company's Articles. The Placing Shares are not being offered to Shareholders in proportion to their existing holdings. A special resolution will be proposed at the General Meeting to give the Directors authority to allot equity securities for cash other than on a *pro rata* basis pursuant to the issue of the Placing Shares under the Placing, in respect of certain rights issues and otherwise up to a total nominal value of £311,476.09 representing 31,147,609 new Ordinary Shares (being approximately 10 per cent. of the Enlarged Share Capital). This authority will expire on the conclusion of the Company's next Annual General Meeting.

The issue of the Placing Shares is conditional, *inter alia*, on Shareholders passing the appropriate Resolutions being proposed at the General Meeting. If Shareholders do not pass the appropriate Resolutions, the issue of the Placing Shares and/or the Acquisitions will not proceed.

8. Action to be taken

You will find enclosed with this document a Form of Proxy for use by Shareholders at the General Meeting. Whether or not you intend to attend the General Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon.

To be valid, completed Forms of Proxy must be received by Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, B63 3DA as soon as possible and in any event not later than 11.00 a.m. on 15 February 2018, being 48 hours (excluding non-Business Days) before the time appointed for holding the General Meeting. Completion of a Form of Proxy will not preclude you from attending the meeting and voting in person if you so choose.

9. Recommendation and Voting Intentions

The Directors consider that the issue of the Placing Shares is in the best interests of Shareholders as a whole and unanimously recommend that Shareholders vote in favour of the Resolutions, as the Directors intend to do in respect of their own beneficial holdings of 44,377,481 Ordinary Shares, representing approximately 30.6 per cent. of the Existing Ordinary Shares. If the Resolutions are not passed, the Company will be unable to issue the Placing Shares and the Company will not be able to proceed with the Acquisitions.

Yours faithfully

Robert Marshall Post
Non-Executive Chairman

PART II – ADDITIONAL INFORMATION

1. Responsibility Statement

The Company and the Directors, whose names and functions are set out on page 4 of this document, accept responsibility, both individually and collectively, for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. 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.

2. Share Capital of the Company

2.1 The issued fully paid up share capital of the Company as at the date of this document and as it is expected to be immediately following the Placing and Admission, is as follows:

| <i>Ordinary Shares</i> | <i>Aggregate nominal value</i> | <i>Number of Ordinary Shares</i> |
|---|--------------------------------|----------------------------------|
| As at the date of this document | £1,450,760.87 | 145,076,087 |
| Immediately following Admission of the Placing Shares | £3,114,760.87 | 311,476,087 |

2.2 As at the date of this document the Company has granted seven employees (none of whom are Directors of the Company) restricted stock units to acquire an aggregate of 645,002 new Ordinary Shares under the Company's share option scheme. These units vest between one and three years following their respective dates of grant.

2.3 At the General Meeting, the following resolutions are proposed, that:

2.3.1 the Directors be generally and unconditionally authorised pursuant to section 551 of the Act to exercise all powers to allot new Ordinary Shares in connection with the Placing up to an aggregate nominal amount of £1,664,000, to allot new Ordinary Shares to satisfy awards under the Company's share option scheme and warrants outstanding that have been granted by the Company up to an aggregate nominal amount of £147,881.25 and otherwise up to a total nominal value of £978,792.64;

2.3.2 subject to the passing of the above resolution, the directors of the Company shall have the power to allot equity securities (within the meaning of section 560 of the Act) as if section 561 of the Act did not apply to the allotment and this power shall be limited to the allotment of equity securities in relation to the Placing Shares and otherwise up to an aggregate nominal amount of £311,476.09;

such authorities to expire on at the conclusion of the next Annual General meeting of the Company.

2.4 The number of Existing Ordinary Shares is 145,076,087. The Company will, pursuant to the Placing (and in accordance with the terms of the Placing Agreement), allot 166,400,000 new Placing Shares at the Placing Price, conditionally upon (*inter alia*) Admission. Accordingly, immediately following Admission the issued share capital of the Company will increase to £3,114,760.87 divided into 311,476,087 Ordinary Shares.

2.5 The Placing Shares will, following issue, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends and other distributions hereafter declared, paid or made on the share capital of the Company.

2.6 The holders of Existing Ordinary Shares will be diluted by the issue of the Placing Shares. The effect of the issue of the Placing Shares (assuming that the Placing is fully subscribed by parties who are not holders of Existing Ordinary Shares) will be that holders of Existing Ordinary Shares at the date of this document will own 46.6 per cent. of the Enlarged Share Capital following Admission.

2.7 The legislation under which the Ordinary Shares have been created is the Act and regulations made under the Act. The Placing Shares are denominated in sterling. It is expected that the Placing Shares

will be allotted on 19 February 2018, conditional (*inter alia*) on Admission taking place, and issued on Admission, which is expected to be on 20 February 2018.

- 2.8 The Placing Shares will be in registered form. They will be capable of being held in certificated form or in uncertificated form and traded in CREST. The records in respect of Placing Shares held in uncertificated form will be maintained by Neville Registrars.
- 2.9 There is no class of shares in issue other than Ordinary Shares and no Ordinary Shares have been issued other than as fully paid.

3. Consents and other information

- 3.1 Smith & Williamson has given and not withdrawn its written consent to the issue of this document with the inclusion in it of references to its name in the form and context in which they appear.
- 3.2 Mirabaud has given and not withdrawn its written consent to the issue of this document with the inclusion in it of references to its name in the form and context in which they appear.
- 3.3 Stifel has given and not withdrawn its written consent to the issue of this document with the inclusion in it of references to its name in the form and context in which they appear.
- 3.4 Wright & Co has given and not withdrawn its written consent to the issue of this document with the inclusion in it of references to its name in the form and context in which they appear.
- 3.5 The total costs and expenses payable by the Company in connection with the Placing and Acquisitions (including professional fees, commissions, the costs of printing and registrars fees) are estimated to amount to approximately \$11.5 million excluding VAT. The net proceeds of the Placing receivable by the Company are expected to be approximately \$180 million.
- 3.6 The Ordinary Shares are issued and allotted in registered form under the laws of England and Wales and their currency is Pounds Sterling. No admission to listing or trading of the Ordinary Shares is being sought on any stock exchange other than AIM.
- 3.7 It is expected that CREST accounts will be credited as applicable on the date of Admission. The ISIN of the Ordinary Shares is GB00BYX7JT74. Share certificates in respect of Placing Shares (where applicable) will be dispatched by first class post within 14 days of the date of Admission.
- 3.8 There are no arrangements in existence under which future dividends are to be waived or agreed to be waived.
- 3.9 Smith & Williamson is registered in England and Wales as a private company under the Act with number 04533970 and is regulated by the FCA. Its registered office is at 25 Moorgate, London, EC2R 6AY.
- 3.10 Mirabaud is registered in England and Wales as a private company under the Act with number 01654710 and is regulated by the FCA. Its registered office is at 10 Bressenden Place, London, SW1E 5DH.
- 3.11 Stifel is registered in England and Wales as a private company under the Act with number 03719559 and is regulated by the FCA. Its registered office is at 150 Cheapside, London, EC2V 6ET.
- 3.12 The Placing Price of 80 pence per Ordinary Share represents a premium of approximately 79 pence over the nominal value of £0.01 per Ordinary Share.
- 3.13 There are no provisions in the Articles which would have the effect of delaying, deferring or preventing a change of control of the Company.

- 3.14 Save as disclosed in this document, the Directors are unaware of:
- 3.14.1 any significant trends in production, sales and inventory and costs and selling prices from 31 December 2016 (being the date to which the Company's most recently audited accounts were drawn-up) to the date of this document;
 - 3.14.2 any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Group's prospects for at least the current financial year; or
 - 3.14.3 exceptional factors which have influenced the Company's activities.
- 3.15 There are no mandatory takeover bids outstanding in respect of the Company and no public takeover bids have been made by third parties either in the last financial year or the current financial year of the Company.
- 3.16 There are no arrangements known to the Company, the operation of which may at a subsequent date result in a change of control of the Company.

4. Availability of Document

Copies of this document, which contains details about the Company and the admission of its securities, will be available from the offices of Smith & Williamson, 25 Moorgate, London EC2R 6AY, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of one month from the date of Admission. A copy of this document is also available for download at the Company's website at www.diversifiedgasandoil.com.

DEFINITIONS

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

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|---|---|
| “Act” | the Companies Act 2006, as amended; |
| “Acquisitions” | the Alliance Petroleum Acquisition and Appalachian Gas Acquisition, as applicable; |
| “Admission” | the admission of the Placing Shares to trading on AIM; |
| “AIM” | the market of that name operated by the London Stock Exchange; |
| “AIM Rules” | the London Stock Exchange's rules and guidance notes contained in its “AIM Rules for Companies” relating to companies whose securities are traded on AIM, as amended from time to time; |
| “Alliance Petroleum Acquisition” | the proposed acquisition of Alliance Petroleum Corporation, a subsidiary of Lake Fork Resources Corporation, pursuant to the terms of the Alliance Petroleum Acquisition Agreement; |
| “Alliance Petroleum Acquisition Agreement” | the conditional agreement between (1) Alliance Petroleum and (2) DGO Corp relating to the Alliance Petroleum Acquisition, details of which are set out in paragraph 3 of this document; |
| “Appalachian Gas Acquisition” | the proposed acquisition of certain producing gas and oil assets from the Appalachian Vendor, pursuant to the terms of the Appalachian Gas Acquisition Agreement; |
| “Appalachian Gas Acquisition Agreement” | the draft conditional agreement between (1) Appalachian Vendor and (2) DGO Corp relating to the Appalachian Gas Acquisition, the principal terms of which are set out in paragraph 3 of Part I this document; |
| “Board” or “Directors” | the directors of the Company, whose names are set out on page 4 of this document; |
| “Business Day” | a day (other than a Saturday or Sunday) on which commercial banks are open for general business in London, England; |
| “Company” or “DGO” | Diversified Gas & Oil PLC; |
| “Completion” | completion of the Acquisitions, or each of them as the case may be; |
| “Consideration” | the total cash consideration to be paid in accordance with the terms of the Alliance Petroleum Acquisition Agreement and the Appalachian Gas Acquisition Agreement; |
| “DGO Corp” | Diversified Gas and Oil Corporation, a wholly owned subsidiary of the Company; |
| “Existing Ordinary Shares” | the 145,076,087 Ordinary Shares in issue at the date of this document; |
| “Enlarged Share Capital” | the issued share capital of the Company on Admission comprising the Existing Ordinary Shares and the Placing Shares; |
| “Form of Proxy” | the form of proxy relating to the General Meeting being sent to Shareholders with this document; |

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| “General Meeting” or “GM” | the General Meeting of the Company to be held at Buchanan Communications Ltd, 107 Cheapside, London, EC2V 6DN at 11.00 a.m. on 19 February 2018, notice of which is set out at the end of this document; |
| “Group” | the Company and its subsidiary undertakings; |
| “London Stock Exchange” | London Stock Exchange plc; |
| “Mirabaud” | Mirabaud Securities Limited, the Company’s joint bookrunner; |
| “Ordinary Shares” | ordinary shares of 1p each in the capital of the Company; |
| “Placing” | the conditional placing by Mirabaud and Stifel on behalf of the Company of the Placing Shares pursuant to the Placing Agreement; |
| “Placing Agreement” | the conditional agreement dated 31 January 2018 between the Company (1), Mirabaud (2), Stifel (3) and Smith & Williamson (4) relating to the Placing, details of which are set out in paragraph 4 of Part I this document; |
| “Placing Price” | 80 pence per Placing Share; |
| “Placing Shares” | 166,400,000 new Ordinary Shares to be issued at the Placing Price by the Company pursuant to the Placing; |
| “Regulatory Information Service” | one of the regulatory information services authorised by the London Stock Exchange to receive, process and disseminate information in respect of AIM quoted companies; |
| “Resolutions” | the shareholder resolutions set out in the notice of General Meeting at the end of this document; |
| “Shareholders” | holders of the Ordinary Shares; |
| “Stifel” | Stifel Nicolaus Europe Limited, the Company’s joint bookrunner; |
| “UK” | the United Kingdom; |
| “United States” or “US” | the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia; |
| “£” or “Sterling” | pounds sterling, the lawful currency of the United Kingdom; and |
| “\$” or “US\$” | United States dollars, the lawful currency of the United States. |

GLOSSARY

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|-------------------------|--|
| boed | barrels of oil equivalent per day |
| boe | barrels of oil equivalent |
| boed | barrels of oil equivalent per day |
| Mcfe | thousand standard cubic feet equivalent |
| MMboe | million barrels of oil equivalent |
| NGLs | natural gas liquids |
| NPV₁₀ | the current value of future cash flows, discounted at a rate of 10 per cent. per annum |
| PDP reserves | proven developed producing reserves |

NOTICE OF GENERAL MEETING

DIVERSIFIED GAS & OIL PLC

(Incorporated and registered in England and Wales with registered number 09156132)

NOTICE is hereby given that a General Meeting of Diversified Gas & Oil PLC (the "Company") will be held at the offices of Buchanan Communications Ltd, 107 Cheapside, London EC2V 6DN at 11.00 a.m. on 19 February 2018 to consider and, if thought fit, pass resolution 1 set out below to be proposed as an ordinary resolution and resolution 2 as a special resolution.

ORDINARY RESOLUTION

1. THAT:

- 1.1 the directors of the Company be generally and unconditionally authorised under section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot equity securities (within the meaning of section 560 of the Act):
 - 1.1.1 up to an aggregate nominal amount of £1,664,000 in respect of the 166,400,000 new Ordinary Shares of £0.01 each in the capital of the Company to be issued at £0.80 per share by the Company pursuant to the placing on the terms set out in the circular of which this notice forms part (the "Placing Shares");
 - 1.1.2 up to £147,881.25 in respect of up to 14,788,125 new Ordinary Shares of £0.01 each in the capital of the Company issuable to satisfy (i) awards made under the Company's share option scheme and (ii) warrants outstanding that have been granted by the Company; and
 - 1.1.3 otherwise than pursuant to 1.1.1 and 1.1.2 above, up to an aggregate nominal amount of £978,792.64;
- 1.2 such authority shall expire (unless previously revoked by the Company) at the conclusion of the next Annual General Meeting of the Company and the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be granted after the authority has expired and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that this authority has expired; and
- 1.3 all previous authorities to allot equity securities to the extent unused, shall be revoked.

SPECIAL RESOLUTION

2. THAT:

- 2.1 conditional on the passing of resolution 1, the directors of the Company be generally and unconditionally empowered under section 570 of the Act to exercise all the powers of the Company to allot equity securities for cash pursuant to the authorisation conferred by resolution 1 above as if section 561 of the Act did not apply to the allotment, provided that this power shall be limited to:
 - 2.1.1 the allotment of equity securities up to an aggregate nominal amount of £1,664,000 in respect of the allotment and issue of the Placing Shares;
 - 2.1.2 the allotment of up to an aggregate nominal amount of £42,290 in respect of the allotment and issue of equity securities to satisfy warrants outstanding that have been granted by the Company; and
 - 2.1.3 the allotment of equity securities in connection with an offer by way of a rights issue to:
 - 2.1.3.1 ordinary shareholders in proportion (as nearly as may be) to their existing holdings; and
 - 2.1.3.2 holders of other equity securities, if this is required by the rights of those securities or, if the directors consider it necessary, but subject to such exclusions and other arrangements as the directors may consider necessary or appropriate in relation to fractional entitlements, record dates, legal,

regulatory or practical problems nor under the laws of any territory (including the requirements of any regulatory body or stock exchange) or any other matter; and

- 2.1.4 otherwise than pursuant to 2.1.1, 2.1.2 and 2.1.3 above, the allotment of further equity securities up to an aggregate nominal amount of £311,476.09;
- 2.2 such power shall expire (unless previously revoked by the Company) at the conclusion of the next annual general meeting of the Company and in each case the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement as if this power had not expired.

By order of the Board

Cargil Management Services Limited
Company Secretary

Registered Office
27/28 Eastcastle Street
London
W1W 8DH

1 February 2018

Notes:

1. Only those shareholders registered in the Company's register of members at:
 - (i) 6.00 p.m. (UK time) on 15 February 2018; or,
 - (ii) if this meeting is adjourned, at 6.00 p.m. (UK time) on the day two business days prior to the adjourned meeting, shall be entitled to attend, speak and vote at the meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. If you wish to attend the meeting in person, please attend the offices of Buchanan Communications Ltd, 107 Cheapside, London EC2V 6DN on 19 February 2018 at 11.00 a.m. (UK time) for the purpose of considering and, if thought fit, passing the proposed Resolutions.
3. If you are a shareholder who is entitled to attend and vote at the meeting, you are entitled to appoint one or more proxies 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. A proxy does not need to be a shareholder of the Company but must attend the meeting to represent you. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. To appoint more than one proxy, please contact the Company's share registrar on telephone number 0121 585 1131.
4. To be valid, an instrument appointing a proxy and any power of attorney or other authority under which the proxy instrument is signed (or a notarially certified copy thereof) must be deposited with the Company's share registrar, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen B63 3DA ("Neville Registrars") by 11.00 a.m. (UK time) on 15 February 2018.
5. The completion and return of a proxy card will not affect the right of a member to attend, speak and vote in person at the meeting convened by this notice. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
6. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
7. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, 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).
8. Shareholders may change proxy instructions by submitting a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
9. 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.
10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment thereof by using the procedures described in the CREST manual. CREST personal members who have appointed a 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 specifications and must contain the information required for such instructions, as described in the CREST manual. All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy must be transmitted so as to be received by Neville Registrars Limited (ID: 7RA11) no later than 11.00 a.m. on 15 February 2018. Normal system timings and limitations will apply in relation to the input of CREST Proxy Instructions. It is therefore the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable their CREST sponsor(s) or voting service provider(s) 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 as amended.
11. 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.
12. A shareholder may change a proxy instruction but to do so you will need to inform the Company in writing by sending a signed hard-copy notice clearly stating your intention to revoke your proxy appointment to the Neville Registrars. In the case of a shareholder 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.
13. In either case, the revocation notice must be received by Neville Registrars no later than 11.00 a.m. (UK time) on 15 February 2018.
14. If you attempt to revoke your proxy appointment but the revocation is received after the time specified, your original proxy appointment will remain valid unless you attend the meeting and vote in person.
15. A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a shareholder provided that no more than one corporate representative exercises powers over the same share.
16. As at 30 January 2018, being the latest practicable date before publication of this notice, the Company's issued share capital comprised 145,076,087 ordinary shares of £0.01 each. Assuming the passing of the Resolutions at the General Meeting of the Company convened for 19 February 2018, it is expected that the Company's issued share capital will comprise 311,476,087 ordinary shares of £0.01 each and therefore, the total number of voting rights in the Company on the resolutions proposed at this general meeting will be 311,476,087.

17. Any member attending the meeting has the right to ask questions. The Company must answer any question you ask relating to the business being dealt with at the meeting unless:
 - (i) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - (ii) the answer has already been given on a website in the form of an answer to a question; or
 - (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
18. The quorum for the meeting is two or more members, who are entitled to vote, present in person or by proxy or a duly authorised representative of a corporation which is a member.
19. The ordinary resolutions must be passed by a simple majority of the total number of votes cast for and against such resolution.
20. At the meeting the vote may be taken by show of hands or by poll. On a poll, every member, who is present in person or by proxy, shall be entitled to one vote for every share held by him.
21. If, within five minutes after the time appointed for the meeting (or such longer interval not exceeding one hour as the Chairman of the meeting may think fit to allow) a quorum is not present, the meeting shall stand adjourned to a day (but not less than 10 days later, excluding the day on which the meeting is adjourned and the day for which it is reconvened) the time and place to be decided by the Chairman, and if at such adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present in person and by proxy shall be a quorum.

