DIVERSIFIED GAS & OIL

PLC

Admission to AIM

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to immediately seek your own personal financial advice from an independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) who specialises in advising on the acquisition of shares and other securities.

This document is an admission document required by the rules of AIM, a market operated by the London Stock Exchange. This document does not constitute an offer to the public in accordance with the provisions of Section 85 of the Financial Services and Markets Act 2000 ("FSMA") as amended by the Prospectus Regulations 2005 and is not a prospectus as defined in the AIM Rules for Companies. Accordingly, this document has not been and will not be examined or approved by the Financial Conduct Authority in accordance with such rules. Copies of this document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Smith & Williamson Corporate Finance Limited, 25 Moorgate, London, EC2R 6AY for a period of one month from the date of Admission (as defined below).

The Directors, whose names appear on page 5 of this document, accept responsibility, individually and collectively, for all the information contained in this document and for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. Application has been made to the London Stock Exchange for the Enlarged Share Capital of the Company to be admitted to trading on AIM ("Admission").

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 (the "Official List"). 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. Each AIM company is required pursuant to the AIM Rules for Companies, to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document. It is expected that Admission will take place, and dealings in the Enlarged Share Capital will commence on AIM, on 3 February 2017.

The whole of this document should be read and, in particular, your attention is drawn to the section entitled "Risk Factors" in Part III of this document.

DIVERSIFIED GAS & OIL PLC

(Incorporated and registered in England & Wales under the Companies Act 2006 with registered number 09156132)

Placing of 61,000,000 Ordinary Shares of 1 pence each at 65 pence per share

Admission of Enlarged Share Capital to trading on AIM

Nominated Adviser and Joint Broker — Smith & Williamson

Lead Broker — MIRABAUD 1819

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The Placing Shares and Bond Conversion Shares will, on Admission, rank in full for all dividends or other distributions hereafter declared, made or paid in the ordinary share capital of the Company and will rank pari passu in all other respects with the Existing Ordinary Shares.

CONTENTS

PLACING STATISTICS

Number of Existing Ordinary Shares	44,210,481
Placing Price per Ordinary Share	65 pence
Number of Placing Shares	61,000,000
Number of Bond Conversion Shares	380,769
Enlarged Share Capital on Admission	105,591,250
Number of Warrants in issue following Admission	3,050,000
Gross proceeds of the Placing	£39.7 million
Estimated net proceeds of the Placing receivable by the Company	£36.6 million
Market capitalisation of the Company at the Placing Price on Admission	£68.6 million
Placing Shares and Bond Conversion Shares expressed as a percentage of the Enlarged Share Capital	58.1%
AIM ticker	DGOC
ISIN for the Ordinary Shares	GB00BYX7JT74
SEDOL for the Ordinary Shares	BYX7JT7
Legal Entity Identifier ("LEI")	213800YR9TFRVHPGOS67
ISIN for the Bonds	GB00BSTLK095
NEX Exchange Symbol for the Bonds	DOIL

Note: Figures are calculated based on a USD:GBP exchange rate of $1.26 = £1 as at 27 January 2017

EXPECTED PLACING AND ADMISSION TIMETABLE

	2017
Publication of this document	30 January
Admission effective and expected commencement of dealings in the Enlarged Share Capital on AIM	8.00 am on 3 February
CREST accounts credited with Placing Shares and Bond Conversion Shares (as applicable)	3 February
Expected date of despatch of definitive share certificates (as applicable)	17 February
Expected date of despatch of cheques to Bondholders in respect of payments under the Cash Alternative Offer	17 February

Notes:

References to time in this document are to London (GMT) time unless otherwise stated.

If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement on an RIS.

DIRECTORS, SECRETARY AND ADVISERS

Directors
Robert Marshall Post, *Executive Chairman*
Robert "Rusty" Russell Hutson Jr., *Chief Executive Officer*
Bradley Grafton Gray, *Finance Director & US Chief Operating Officer*
David Edward Johnson, *Senior Independent Non-executive Director**
Martin Keith Thomas, *Independent Non-executive Director*
*with effect from Admission.

All of the Company's registered office below.

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W1W 8DH

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Farnham
GU9 7DR

DEFINITIONS

"Admission"	admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules
"AIM"	the AIM market of the London Stock Exchange
"AIM Rules"	together, the AIM Rules for Companies and the AIM Rules for Nominated Advisers
"AIM Rules for Companies"	the AIM Rules for Companies which govern the admission to trading on and the operation of AIM published by the London Stock Exchange, as amended from time to time
"AIM Rules for Nominated Advisers"	the AIM Rules for Nominated Advisers published by the London Stock Exchange, as amended from time to time
"Articles"	the articles of association of the Company following Admission, a summary of which is set out in paragraph 5.2 of Part VIII of this document
"Board" or "Directors"	the board of directors of the Company, including a duly constituted committee thereof, set out on page 5 of this document
"Bond" or "Bonds"	the 10,649,884, 8.5 per cent. unsecured bonds due 23 June 2020 constituted by a bond instrument dated 10 June 2015 and issued by the Company at £1 per Bond
"Bond Conversion Shares"	up to 380,769 new Ordinary Shares to be issued in connection with the Buyback Share Offer
"Bondholders"	the holders of the Bonds
"Buyback Share Offer"	the Company's offer to Bondholders (other than Bondholders located in the USA) to buy back their Bonds in consideration for the allotment of new Ordinary Shares, as set out in paragraph 8 of Part II of this document
"Cash Alternative Offer"	the alternative offer to Bondholders whereby the Company offered to repurchase the Bonds for cash from Bondholders at £1.05 per Bond
"City Code"	the City Code on Takeovers and Mergers
"Company" or "DGO"	Diversified Gas & Oil PLC, incorporated and registered in England & Wales with registered number 09156132 and, where the context permits, its subsidiaries
"Competent Person"	Wright & Company, Inc., the competent person in relation to Admission, as defined by the AIM Rules, and author of the Competent Person's Report
"Competent Person's Report" or "CPR"	the report relating to the Company's production assets produced by the Competent Person set out in Part VII of this document
"CREST"	the relevant system (as defined in the CREST Regulations) for the paperless settlement of share transfers and the holding of shares in uncertificated form in respect of which Euroclear UK & Ireland is the operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form

"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended from time to time, and any applicable rules made under those regulations
"Enlarged Share Capital"	the issued share capital of the Company on Admission, including the Existing Ordinary Shares, the Placing Shares and Bond Conversion Shares
"Existing Ordinary Shares"	the 44,210,481 Ordinary Shares in issue prior to the Placing and the Buyback Share Offer
"Euroclear UK & Ireland" or "Euroclear"	Euroclear UK & Ireland Limited, the Central Securities Depositary for the UK market and Irish securities and the operation of CREST
"Financial Conduct Authority" or "FCA"	the UK Financial Conduct Authority
"FPO"	Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended
"FSMA"	the UK Financial Services and Markets Act 2000 (as amended)
"Group"	the Company and its subsidiaries from time to time
"HMRC"	HM Revenue and Customs
"IFRS"	International Financial Reporting Standards as adopted by the European Union
"London Stock Exchange"	London Stock Exchange plc
"MAR" or "Market Abuse Regulation"	the EU Market Abuse Regulation (Regulation 596/2014)
"Mirabaud"	Mirabaud Securities LLP
"NEX Exchange"	the NEX Exchange Limited, a recognised investment exchange under section 290 of FSMA
"NEX Exchange Growth Market"	the securities market operated by NEX Exchange Limited (formerly known as the ISDX Growth Market)
"Nominated Adviser" or "Smith & Williamson"	Smith & Williamson Corporate Finance Limited
"NYMEX"	New York Mercantile Exchange
"Official List"	the official list of the UK Listing Authority
"Ordinary Shares"	ordinary shares of £0.01 each in the capital of the Company
"Panel"	the Panel on Takeovers and Mergers
"Placee"	those persons subscribing for Placing Shares at the Placing Price pursuant to the Placing
"Placing"	the conditional placing by Mirabaud and Smith & Williamson on behalf of the Company of the Placing Shares pursuant to the Placing Agreement

"Placing Agreement"	the conditional agreement dated 30 January 2017 between the Company (1), the Directors (2) Smith & Williamson (3) and Mirabaud (4) relating to the Placing, details of which are set out in paragraph 12.10 of Part VIII of this document
"Placing Price"	65 pence per Placing Share
"Placing Shares"	61,000,000 new Ordinary Shares to be issued at the Placing Price by the Company pursuant to the Placing
"Relevant Persons"	persons who are able lawfully to receive this document in their jurisdiction
"Restricted Jurisdiction"	the Republic of Ireland, the United States, Australia, Canada, Japan and the Republic of South Africa
"Securities Act"	United States Securities Act of 1933, as amended
"Shareholders"	holders of Ordinary Shares from time to time
"Share Options"	share options granted or issued pursuant to the Share Option Scheme
"Share Option Scheme"	has the meaning given to that term in paragraph 7 of Part VIII of this document
"Smith & Williamson"	Smith & Williamson Corporate Finance Limited
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"UK Corporate Governance Code"	the UK Corporate Governance Code (formerly the Combined Code) issued from time to time by the Financial Reporting Council
"UK Listing Authority"	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA
"US" or "United States"	United States of America, its territories and possessions, any state of the United States and the District of Columbia
"VAT"	means value added tax in the UK charged at a rate of 20 per cent. on taxable good and services
"Warrants"	the warrants to be issued to Smith & Williamson and Mirabaud pursuant to warrant agreements dated 30 January 2017, details of which are set out in paragraphs 12.17 and 12.18 of Part VIII of this document
"West Texas Intermediate"	the underlying commodity of the Chicago Mercantile Exchange's oil futures contracts
"\$" or "US\$"	the lawful currency of the United States
"£" or "GBP"	the lawful currency of the United Kingdom

GLOSSARY

"barrels" or "bbl"	a unit of volume measurement used for petroleum and its products (for a typical crude oil 7.3 barrels (equal to 42 U.S. gallons) = 1 tonne: 6.29 barrels = 1 cubic metre
"bcf"	billion standard cubic feet of natural gas; 1 bcf is approximately equal to 172,414 boe or 23,618 tonnes of oil equivalent
"bcfe"	billion cubic feet of natural gas equivalent
"Best Estimate"	the middle value in a range of estimates considered to be the most likely. If based on a statistical distribution, can be the mean, median or mode depending on usage
"boe"	barrels of oil equivalent. One barrel of oil is approximately the energy equivalent of 5,800 cf of natural gas
"btu"	British thermal unit, which is the heat required to raise the temperature of a one pound mass of water from 58.5 degrees Fahrenheit to 59.5 degrees Fahrenheit under specific conditions
"development well"	a well drilled within the proved area of an oil or gas reservoir to the depth of a stratigraphic horizon known to be productive in an attempt to recover proved undeveloped reserves
"dry hole"	a well found to be incapable of producing either oil or natural gas in a sufficient quantities to justify completion as an oil or gas well
"HBP"	held by production: a provision in an oil or natural gas property lease that allows the lessee, to continue drilling activities on the property as long as it is producing a minimum paying amount of oil or gas thereby extending the lessee's right to operate the property beyond the initial lease term
"mcf"	thousand standard cubic feet of natural gas
"mcfe"	thousand cubic feet of natural gas equivalent
"mcfd"	thousand cubic feet of natural gas equivalent per day
"mbbl"	thousand barrels of oil
"mmbbl"	millions of barrels of oil
"mmboe"	millions of barrels of oil equivalent
"mmbtu"	million btus
"natural gas"	hydrocarbons that at a standard temperature of sixty degrees Fahrenheit (60ºF) and a standard pressure of one atmosphere are in a gaseous state, including wet mineral gas and dry mineral gas, casing head gas, residual gas remaining after separation treatment, processing, or extraction of liquid hydrocarbons
"oil equivalent"	international standard for comparing the thermal energy of different fuels

“overriding royalty interest”	a royalty interest that is carved out of a lessee’s working interest under an oil and gas lease
“PUD”	proven undeveloped reserves
“PV” or “present value”	the present value of a future sum of money or stream of cash flows given a specific rate of return e.g. PV 18 means the present value at a discount rate of eighteen percent (18%)
“proved reserves”	the estimated quantities of crude oil, natural gas, and natural gas liquids with geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions
“proved undeveloped reserves”	proved reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion
“recompletion”	the completion for production of an existing well bore in another formation from that in which the well has been previously completed
“recoverable”	a description of hydrocarbon reserves that identifies them as technically or economically feasible to extract
“reserves”	those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions
“reservoir”	a subsurface body of rock having sufficient porosity and permeability to store and transmit fluids. A reservoir is a critical component of a complete petroleum system
“resources”	deposits of naturally occurring hydrocarbons which, if recoverable, include those volumes of hydrocarbons either yet to be found (prospective) or if found the development of which depends upon a number of factors (technical, legal and/or commercial) being resolved (contingent)
“undeveloped acreage”	lease acreage on which wells have not been participated in or completed to a point that would permit the production of commercial quantities of oil and gas regardless of whether such acreage contains proved reserves
“working interest”	a cost bearing interest which gives the owner the right to drill, produce, and conduct oil and gas operations on the property, as well as a right to a share of production therefrom
“workover”	operations on a producing well to restore or increase production
“WTI”	West Texas Intermediate

PART I

KEY INFORMATION

The following information is derived from, and should be read in conjunction with, the full text of this document and prospective investors should read the whole document and not just rely on the key information set out below. In particular, attention is drawn to Part III of this document which is entitled "Risk Factors".

- Diversified Gas & Oil PLC offers consistent production and cash flows for Shareholders from its gas and oil producing wells located across Ohio, Pennsylvania and West Virginia, within one of the largest oil and gas fields in the US, known as the Appalachian Basin.
- The Group's assets provide:
  - predictable and consistent production profile
  - a typical life span of over 50 years
  - proven low decline rates
  - low operational costs
  - low operational risks and production concentration
- DGO has total proved reserves of approximately 144,343.7 mcfe (27.9 mmboe). The Company has a further 21,685.3 mcfe (3.8 mmboe) of proven undeveloped reserves. Current daily gas production is running at approximately 26,000 mcfd and oil production is approximately 475 bopd.
- The Company has grown rapidly over the last two years, capitalising upon opportunities to acquire conventional, low risk oil and gas producing assets from larger US public and private exploration and production ("E&P") companies who are selling conventional assets to focus their investment capital on shale development and from small, family run companies.
- Critical to the larger shale E&P companies is that buyers of their conventional assets are themselves proven and competent operating companies because the continuation of production from the conventional assets, protects the future drilling opportunity for the deeper shale formations by preserving the terms of the operating licence. Failure to maintain production would jeopardise the rights to the deeper shale assets retained by the E&P vendors.
- As a specialist operator of these conventional gas and oil assets, DGO is able to identify operational cost savings and to improve production efficiency in areas often overlooked by the larger operators.
- The Company intends to continue its growth strategy through the acquisition of proven producing assets in and around its current areas of operation.
- The Directors intend to adopt a progressive dividend policy to reflect the expectation of future cash flow generation and long-term earnings potential of the Group. The Board intends that not less than 40 per cent of operating free cash flow will be paid to Shareholders by way of a dividend.
- The Company has an experienced management team with proven ability to drive operational efficiency, creating opportunities for additional value for Shareholders even in a low commodity price cycle. The Directors have a successful track record of sourcing, financing and closing acquisitions.

PART II

INFORMATION ON THE COMPANY AND THE GROUP

1. Overview

Diversified Gas & Oil PLC owns and operates approximately 7,500 gas and oil producing wells in the Appalachian Basin in the northeastern United States. The Company has grown rapidly over the last two years, capitalising upon opportunities to acquire conventional, low risk oil and gas producing assets from larger US exploration and production companies which are today focused increasingly upon the opportunities from unconventional shale production as well as from small, family run companies. The Company is well positioned to acquire further conventional assets. The Group's gas and oil production in the six months to 30 June 2016 was 2,571,315 mcfe, up from 775,665 mcfe in the same period for 2015. Revenues for the six months to 30 June 2016 were $7.6 million (2015: $2.9 million) and for the nine months to 30 September 2016 were $13.4 million (2015: $4.8 million).

The Company's operations are based entirely in the neighbouring states of Ohio, Pennsylvania and West Virginia, within one of the largest oil and gas fields in the US, known as the Appalachian Basin.

The Group began trading in 2001. DGO has a head office in Birmingham, Alabama and was incorporated in England and Wales as a public limited company on 31 July 2014 by its founders, Robert "Rusty" Hutson Jr. and Robert Post.

Detailed information on the Group's assets is set out in this Part II and the Competent Person's Report in Part VII of this document.

2. Background on the Group

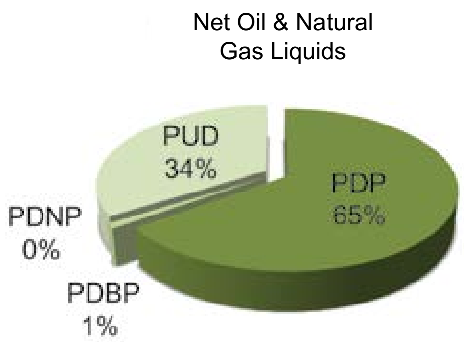
DGO's activities comprise the development and operation of conventional oil and natural gas assets in the United States. The Group has grown significantly since its formation in 2001, primarily through the acquisition of operating assets with some drilling of existing leases. The Group has an experienced operating team managing all of the wells internally.

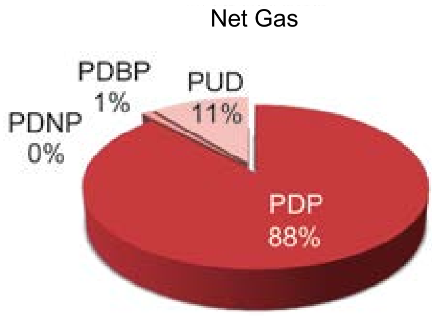
The Group operates approximately 7,500 conventional gas and oil producing wells across Ohio, Pennsylvania and West Virginia. The Group has 1,033,500 acres under lease which are all held by production ("HBP"). HBP means that the lease does not expire as long as the land is still producing.

DGO has total proved reserves of oil of approximately 2,271 mbbl (1,470 producing) and gas reserves of approximately 153,695 mcf (135,402 producing). Current daily gas production is running at approximately 26,000 mcfd and oil production is approximately 475 bopd. Since incorporation in 2001, the Group has never drilled a non-producing well.

The Company continues to invest in the appropriate capital infrastructure both at the well head, through the extensive network of Company owned pipeline, and at pumping and compression sites. DGO's operational structure enables it to generate significant operating free cash flow, even in the current low energy price environment, with an average operating cost equivalent to $9.53/boe.

Group Total Proved Reserves by Category[1]





[1] *Competent Person's Report - page 110, Part VII*

The Group operates within the Appalachian Basin, an area of the northeastern US that underlies ten states including Ohio, Pennsylvania and West Virginia.

The Appalachian Basin covers an area of some 185,000 square miles. Whilst the area has come to prominence in recent years following the discovery of significant shale gas reserves since 2009, known as the Marcellus Shale, it has been a major producer of oil and gas from conventional vertical well development since the late 19th century.[2]

The depositions for the Appalachian Basin are the erosional sediments from the once Acadian Mountains into the lower basin. The basin was limited to the west by an uplift in rock formation from the Late Ordovician and through the Devonian period known as the Cincinnati Arch. As the mountains eroded over time, the sediment was deposited in the basin with alternating layers of carbonates, limestones, sandstone, siltstone, and shale intervals.[2]

The beginning of the oil and gas industry started in 1859 with the discovery of oil in the Edwin Drake well located in northwestern Pennsylvania. Oil in this well was produced from the Upper Devonian sandstone at a depth of approximately 70 feet. This discovery well opened a trend of oil and gas fields producing from the Upper Devonian, Mississippian, and Pennsylvanian sandstones across many parts of the states of Kentucky, New York, Ohio, Pennsylvania and West Virginia.[2]

The Group expects to continue to focus the majority of its operations in this area, although future acquisitions may fall outside of the three states in which it currently operates.

The Company has a track record of sourcing, financing and closing acquisitions. Since September 2014, the Company has completed five acquisitions with an aggregate consideration of $16 million. These acquisitions have added significant production volume and cash flows.

The Company intends to continue to capitalise on the current investment opportunities and the Directors are confident that there are numerous opportunities for further acquisitions. The Company is currently evaluating three acquisition opportunities which have gas assets producing between 1,400 mcfd and 3,200 mcfd, and oil assets producing between 80 bopd and 170 bopd.

Pricing Strategy

The Company has the experience to deal with the issues caused by the movement in oil and gas prices, which can be influenced by other global trends as well as local supply and demand factors. To protect its revenue, the Group utilises hedging strategies as well as forward fixed pricing purchase contracts with natural gas purchasers. The Board maintains a careful review of US oil and gas prices and takes a commercial view when setting its hedging strategy. Although disadvantageous in periods of price inflation, the Directors believe that active and effective hedge strategies create the advantage of a more predictable income flow, which is beneficial to the Group and Shareholders.

The Group has entered into a variety of hedging and fixed price sale contracts for oil and gas production providing a degree of downside protection on 2017 revenues. Through financial hedges, the Group has hedged approximately

[2] *Competent Person's Report - pages 92 and 93, Part VII*

43% of its commodity price exposure for gas production and 62% of its price exposure for oil production for 2017. Through fixed price contracts, the Group has protected approximately 55% of its net market price received for gas production in 2017. The Group does not enter in to fixed price contracts for its oil production. The combination of financial hedges and fixed price contracts for gas provides the Group with price protection on a large majority of its gas production for 2017. DGO's operational structure enables it to generate significant operating free cash flow, even in the current low energy price environment, with an average operating cost equivalent to $9.53/boe.

Distribution

The Group operates all of its own wells and is a consistent oil and gas producer with M&A experience. The Appalachian Basin represents a proven low cost, mature oil and gas-producing region which has been successfully exploited since 1859 and which borders five US states including New York. As such, in the opinion of the Directors, delivering the Group's product to market is relatively straightforward and low cost.

The Group sells natural gas directly into the local market. The Group's customers are large regional utility companies and pipeline marketing companies that have operated in the Group's markets for extensive periods. The Group's customers have been purchasing natural gas from the Group's producing assets for numerous years. The Group's producing wells have direct connections into the gathering pipeline systems of these large regional utilities and pipeline companies.

A majority of the Group's gas production is sold at a fixed price to the Group's largest buyer. The price for the sale of natural gas is a blended rate of this fixed rate and the current NYMEX index price. Revenues are received 30 to 60 days following the gas entering the local transmission pipelines. A supply relationship with the Group's largest buyer has been in existence for multiple years. The Group also sells natural gas to other large local natural gas utility companies.

Oil is sold by the Group to local distributors who collect the oil from production sites by way of collection vehicles and then sell on to the local oil refineries. Revenue is recognised at collection when the responsibility for the product is transferred to the distributor. Pricing for crude oil sales is typically determined based on the market price of West Texas Intermediate crude oil (WTI) for the day the oil is collected.

Geographical spread of operations – Appalachian Basin

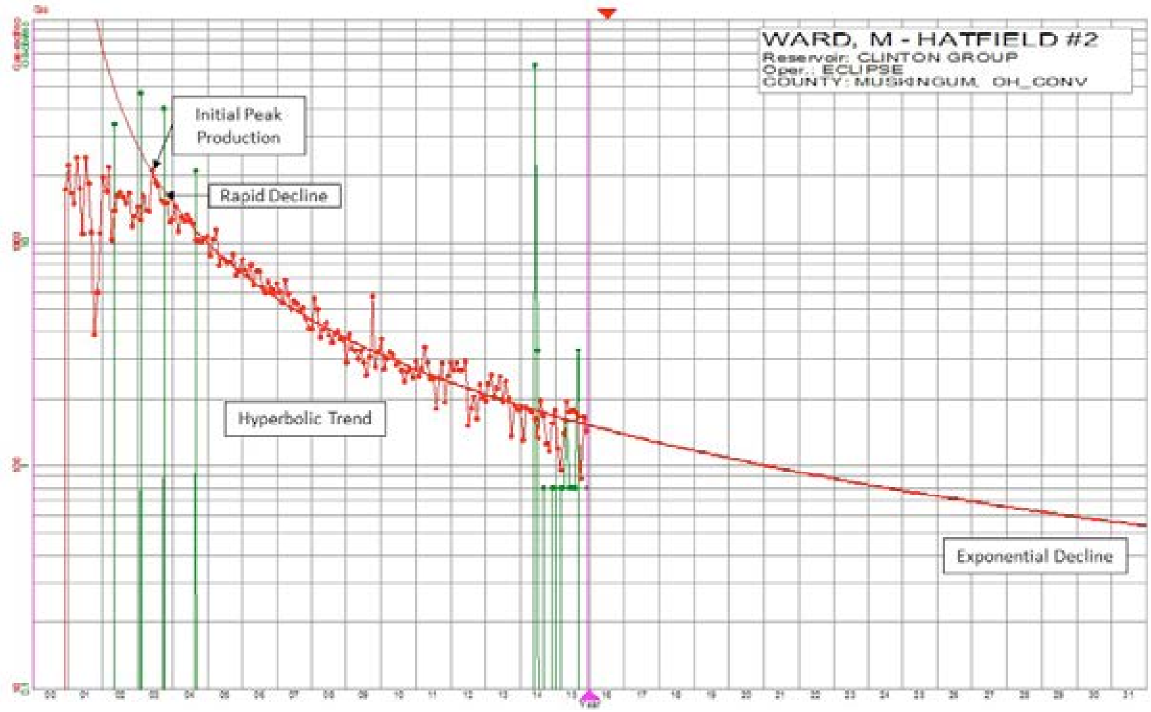
Reserves and Potential

Since 2009, the primary target of the Appalachian Basin for most companies operating in the area has been the horizontal drilling of the Marcellus and the Utica shale formations. These horizontal wells have very long laterals and allow more contact with the reservoirs. Very large hydraulic fracture treatments are needed in order to make these commercial.

Conversely, DGO's core focus has continued to be conventional production in the Appalachian Basin from the established conventional vertical wells. Almost all of the properties owned and/or operated by DGO are vertical wells. The wells are shallow at depths ranging from 2,200ft to 6,000ft. A number of the DGO wells are completed in multiple formations and production is commingled in the wellbore. Most of these properties may have additional productive formations up-hole from the existing producing formations, which may allow for future completion opportunities. These assets have been reported upon by Wright & Co in the Competent Person's Report set out in Part VII of this document. In the opinion of Wright & Co. drilling and recompletion opportunities are relatively low-risk, due to the geology and the extensive mapping of the formations[3]. Drilling is relatively straight forward, quick to execute and low cost with wells costing approximately $200,000 to $300,000 each. During the last ten years, DGO has successfully drilled over 150 producing wells with no dry holes[4].

The production profiles of the wells across these formations demonstrate very similar characteristics. Most of these formations produce gas and/or oil on a hyperbolic curve with an initial rapid decline followed by gradual decline of production for a very long time[5]. This enables the Company to predict and plan with a high level of confidence the future production profile of its producing assets.

The following chart illustrates production flow rates at the Company's Hatfield number 2 well in Ashtabula County, Ohio, since the well commenced production in 1985 through to 2015[6]:



A majority of the wells should have production lives of at least 50 years, with some lasting in excess of 80 years[7].

Total proved reserves for the Group as at 1 December 2016 comprise:

Net oil reserves	2,271.6 mbbl	2,271.6 mboe
Net gas reserves	153,695.2 mmcf	25,415.8 mboe
Net natural gas liquids reserves	20.3 mbbl	20.3 mboe
Total		27,707.7 mboe

Source: Competent Person's Report, page 86, Part VII

The valuation of the total proved reserves, on a 10 per cent cumulative discounted basis as calculated by Wright & Co, is $125 million, as set out on page 86 of the CPR in Part VII of this document.

The CPR valuation is based only on proved reserves and does not take into account the further probable or possible reserves of the Group.

The Group has an overall average working interest in its properties of approximately 95 per cent. and the overall average net revenue interest is approximately 83 per cent. The average royalty rate is approximately 12.6 per cent.

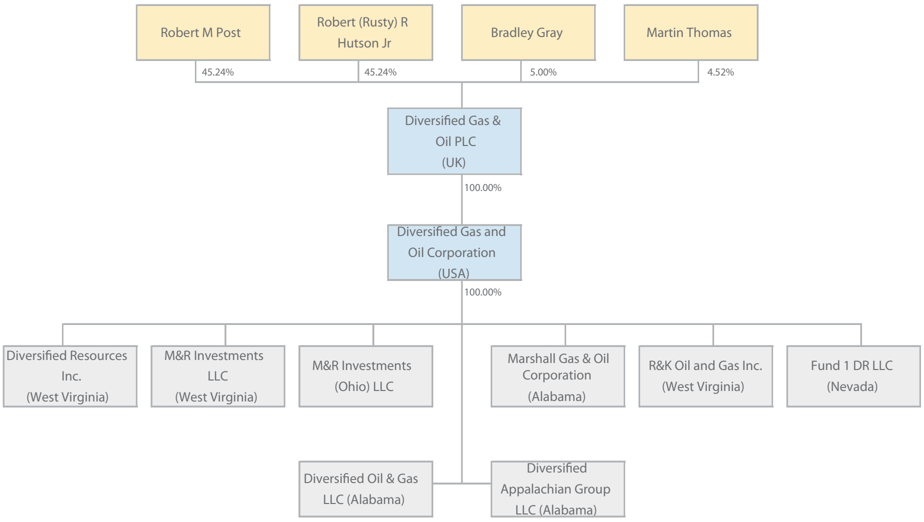
[3] *Competent Person's Report - page 96, Part VII*
[4] *Competent Person's Report - page 96, Part VII*
[5] *Competent Person's Report - page 97, Part VII*
[6] *Competent Person's Report - page 98, Part VII*
[7] *Competent Person's Report - page 97, Part VII*

3. Group Structure and History

3.1 Group structure

The Company's Existing Ordinary Shares are owned entirely by the Directors. As at the date of this document and prior to Admission, 45.4 per cent. of the Company is owned by Rusty Hutson Jr, 45.4 per cent. by Robert Post, 5.00 per cent. by Bradley Gray (subject to the restrictions set out in paragraph 12.22 of Part VIII of this document) and 4.52 per cent. by Martin Thomas.

The corporate structure of the Group as at the date of this document is as follows:



Source: Diversified Gas & Oil

3.2 History and Development of the Group

The following timeline sets out the history and development of the Group from 2001 to date:

2001 **Acquisition of West Virginian gas and oil company**
Rusty Hutson Jr. began the business as a West Virginian oil and natural gas production company, whilst still working for a large financial institution in Birmingham, Alabama.

2003 **Partnership through combination of drilling and acquisitions**
Robert Post partnered with Rusty Hutson Jr. Together they continued to expand the business within West Virginia, through a combination of drilling existing leases and the acquisition of operating assets.

2003-2008 **Drilling activity funding**
The Group drilled a number of wells at a cost ranging from $150,000 to $350,000 per well. DGO's capital for the drilling of the wells was funded by Robert Post and Rusty Hutson Jr. personally and supplemented by bank financing.

2006 **Asset acquisition**
Rusty Hutson Jr. and Robert Post acquired the assets of Diversified Resources, Inc. in West Virginia, paying $5.2 million for 100 wells and several hundred acres of drilling leases, forming the branded name of "Diversified".

2009 **Well production**
The Group's operations totalled 237 wells, producing 2,700 mcfe per day of natural gas in West Virginia.

2010 **Acquisitions and geographical expansion**
The Group expanded into Ohio by acquiring the conventional assets of AB Resources for $14.5 million. The acquisition added over 700 wells to the Group's portfolio, approximately 1,600 mcfe per day, and around 35,000 acres of conventional drilling. The Group employed 6 additional members of staff to provide infrastructure support to its geographical expansion. This acquisition was followed by the $5.2 million acquisition of Deep Resources Inc., resulting in an additional 321 wells and 83 net barrels of oil per day in Ohio.

2014 **Fund 1 acquisition and further expansion**

The acquisition of Operated Equity Investment ("Fund 1") was completed in September 2014. The transaction included the acquisition of 316 conventional oil and gas producing wells in West Virginia and an equity interest in four horizontal Marcellus wells drilled and operated by Antero Resources. The purchase price was $4.3 million.

2015 **Acquisition of Broadstreet Energy and Texas Keystone assets**

In June 2015, the Group acquired 732 conventional natural gas and oil wells from Broadstreet Energy based in Ohio. The total consideration paid amounted to $2.6 million, which comprised cash of $600,000 and a short-term loan note of $2 million.

In November 2015, the Group acquired 1,709 conventional natural gas and oil wells and two buildings in Pennsylvania and West Virginia in addition to equipment and automobiles from Texas Keystone Inc. As part of and in connection with this Keystone transaction, between December 2015 and January 2016, the Group also acquired certain overriding royalty interests in these wells and the Indiana, Pennsylvania real estate from Falcon Partners Trust and acquired certain of the leases and wells (including working interests and net revenue interests) related to those wells from Keystone Energy Oil & Gas, Inc. The total collective consideration paid in these transactions amounted to $725,000.

2016 **Acquisitions of Eclipse Resources and Seneca Resources**

In April 2016, the Group acquired approximately 1,300 conventional natural gas and oil wells in Ohio, in addition to equipment, from Eclipse Resources. The total consideration amounted to $4.8 million.

In June 2016, the Group acquired 2,200 conventional natural gas and oil wells, in addition to pipeline assets, located in Pennsylvania from Seneca Resources. The total consideration paid amounted to $3.55 million.

4. The Investment Opportunity

DGO represents a unique investment opportunity within the E&P sector of the US oil and gas industry. As many US oil and gas investments are primarily focused on companies searching for revenues from new shale formation drilling prospects, DGO differentiates itself by offering existing, consistent production and cash flows for Shareholders. Additionally, DGO's growth strategy, which is the acquisition of proven production at historically low valuations, provides an attractive investment upside for increasing dividend yields and capital price appreciation.

The Directors believe that there are a numbers of factors which differentiate DGO from other companies in the market:

- Actual cash flow and strong EBITDA margins create opportunities with a commitment from the Board to return not less than 40 per cent. of operating free cash flow to Shareholders by way of a dividend.
- Larger public and private E&P companies are selling conventional assets to focus their investment capital on shale development.
- Due to the importance of continuation of production by a competent operator, sellers are less price sensitive for asset sales, thus creating value purchase opportunities for DGO. The larger US shale E&P companies are seeking buyers for their conventional assets that are proven and competent operators. The competency of the buyer is an important factor for these companies because the continuation of production from the conventional assets protects the future drilling opportunity for the deeper shale formations retained by the E&P vendors.
- DGO has a successful track record for safely operating acquired wells whilst also successfully integrating assets and employees into its existing operations.
- DGO has a successful track record of sourcing, financing and closing acquisitions. Only a small number of operators in the region have shown the sophistication or ability to execute these larger transactions.
- DGO's experienced management team and its proven ability to drive operational efficiency creates opportunities for additional value in a low commodity price cycle.
- DGO's assets have the following attributes:

- predictable and consistent production profile
- typical life span of over 50 years
- proven low decline rates
- low operational costs
- minimal operational risks and production concentration

• The Group has 1,033,500 acres under lease which are all HBP. This expansive leasehold interest provides DGO the flexibility to develop new production through drilling at favourable rates of return when the commodity price cycle improves.

5. Global and US Energy Market

Consumption of natural gas worldwide is projected to increase from 120 trillion cubic feet (tcf) in 2012 to 203 tcf in 2040 in the International Energy Outlook 2016 ("IEO2016") Reference case. By energy source, natural gas accounts for the largest increase in world primary energy consumption. Abundant natural gas resources and robust production contribute to the strong competitive position of natural gas among other resources. Natural gas remains a key fuel in the electric power sector and in the industrial sector. In the power sector, natural gas is an attractive choice for new generating plants because of its fuel efficiency. Natural gas also burns cleaner than coal or petroleum products, and as more governments begin implementing national or regional plans to reduce carbon dioxide (CO_2) emissions, they may encourage the use of natural gas to displace more carbon-intensive coal and liquid fuels.

World consumption of natural gas for industrial uses is projected to increase by an average of 1.7% per year, and natural gas consumption in the electric power sector increases by 2.2% per year, from 2012 to 2040 in the IEO2016 Reference case. The industrial and electric power sectors together account for 73% of the total increase in world natural gas consumption, and they account for about 74% of total natural gas consumption through to 2040.

Annual natural gas consumption in the OECD Americas region rises steadily to 40.1 tcf in 2040, including increases of 1.0 tcf from 2012 to 2020 (0.4%/year) and 7.3 tcf from 2020 to 2040 (1.0%/year). The OECD Americas region accounts for 41% of the total increase in natural gas use by OECD countries and 13% of the increase in total world natural gas consumption over the projection period.

The United States is the world's largest consumer of natural gas which leads the OECD Americas region in annual natural gas consumption with growth forecast to increase of 4.2 tcf from 2012 to 2040, or 51% of the region's total increase. With implementation of the proposed Clean Power Plan regulations in the United States ("CPP"), U.S. natural gas consumption could be 1.7 tcf higher in 2020 compared to the IEO2016 Reference case. Most of the increase in natural gas consumption is expected to occur in the electric power sector as a substitute for coal-fired generation.

From 2020, the effect of the CPP on natural gas use in the power sector is projected to decrease as generation from renewable energy increases. In 2040, projected U.S. natural gas consumption is 1.0 tcf lower with the CPP than in the IEO2016 Reference case. Effects of the final CPP on natural-gas-fired generation will depend on natural gas prices, renewable technology costs and state-level implementation decisions. An increase in natural gas use through 2040 is certainly possible in scenarios with low gas prices and the implementation of political strategies that favour natural gas.

6. Competition

The USA has an extremely developed oil and gas production and distribution market. The Group has many competitors locally who sell products into the oil and gas market. Given the larger exploration and production companies have moved away from conventional assets, the Group's competition comes from smaller independent businesses. However, the Board believes that the Group's steady supply and industry relationships puts it in a strong position with buyers and the Group's funding position following Admission will give it a competitive advantage. The competition to sell natural gas into the market is affected by the ability of the pipeline distribution companies to acquire "firm" transportation within the market. DGO has purchased "firm" transportation on a percentage of its natural gas production ensuring a market for the monthly production. Any natural gas production that is not under a firm transportation contract can be shut-in if a market is not available for the gas production on any given day. However, DGO has not experienced any shut-ins of its production in 13 years of operations for anything other than line repairs and maintenance.

The acquisition and divestiture of assets in the Appalachian Basin is highly fluid with high levels of corporate and asset level transactions taking place. The larger exploration and production companies have, or are, moving away from conventional assets. Competition for conventional assets is therefore from smaller independent businesses, such as Key Oil Co in West Virginia and Artex Oil Company in Ohio. Additionally, the Appalachian Basin market is also seeing some acquisitive activity from smaller public entities such as EnerVest Ltd and Carbon Natural Gas Company.

Having made numerous acquisitions, the Board believes that the Group's proven acquisition and operating track record means that DGO is well positioned to attract those owners of operating assets across the northeastern area of the Appalachian Basin seeking to release value within their conventional assets, while preserving their rights to the deeper Marcellus Shale reserves.

The scale of the Group's operations makes it an attractive local partner. In the market, acquisition targets are currently being valued at significant discounts of future cash flows and exclude any potential value from increased production achieved from well work-overs and re-pressurisations. As such, the Board believes that should future acquisitions be completed, increases in production resulting from focused operational improvements should enhance the value of the acquired assets.

7. Business Strategy

The Company's strategy for growth includes (i) acquisition and consolidation of other oil and gas producing assets, (ii) driving further expense leverage, (iii) improving the productivity of existing wells and (iv) further in-fill drilling of its current acreage position as and when commodity prices recover and drilling becomes economically viable.

Acquisition and Consolidation Strategy

The recent advances in shale production have caused a significant shift in emphasis of many investors and companies in mainland USA. The drive for shale investment has resulted in conventional gas and oil opportunities becoming available at reasonable prices. The Board believes these opportunities will continue as energy prices remain in the current trading range, which will help drive DGO's acquisition strategy.

The market in which the Group currently operates is separated into two distinctive segments:

- small family run companies which have been exposed to declining returns from depressed energy prices and lack economies of scale; and
- large energy groups with an increasing focus upon shale reserves, who are seeking to reduce operating expenses and concentrate resources upon their shale extraction activities.

Initially the Board's focus was on the small operations which were of limited interest to other industry aggregators, considered too small or too expensive for the other independent oil and gas operating companies. The Board recognised value in these "unloved" opportunities and was able to exploit the Group's relationship as a local "competitor" to secure such opportunities. More recently, the Board has focused on acquiring larger packages of conventional wells from the established US oil and gas operating companies which are today focused increasingly upon the opportunities elsewhere from unconventional shale production.

This focus by the majors on unconventional shale production and the general change in market conditions has led to the Board seeing acquisition and investment opportunities with significantly better economics than in previous years.

The present value ("PV") discount rate on which the Group previously acquired assets was approximately 10%, with additional payments for acreage around the well, if there were further drilling opportunities. Similar opportunities are now trading at a PV discount rate of 20% or greater with no value assigned to undeveloped acreage.

After purchasing existing conventional wells, the Group accelerates or extends production by deploying new extraction technology and/or refreshing decayed infrastructure on poorly maintained wells. Wells that are in production for over 2 years (mature wells) have an average 3 – 5% annual decline rate. The Group accelerates or extends production by repairing lines, recompleting wells, reconnecting wells, adding compression and/or placing wells on a swab schedule.

Drilling Strategy

The Board also believes that the Group's current acreage position has potential for horizontal development in the conventional formations. This opportunity has been tested in other areas of the Appalachian Basin. As the technology continues to develop, the Board will review this opportunity for future development of reserves. The Group has not drilled since 2014 and has no current intention to pursue a drilling strategy whilst focusing on acquisitions. However, as and when commodity prices recover and drilling becomes economically viable, the Group will evaluate its drilling strategy.

The NYMEX gas price has traded in the range of $2.55 and $3.93/mcf in the last six months. Increases in average long term gas prices will present opportunities for the Company to infill drill its reserves. The Directors believe a new well can generate an internal rate of return ("IRR") of up to 20% at current price levels, as prices increase, the IRR will improve. The Board estimates that if gas prices increase to over $3.50/mcf the average IRR per new well could reach 30% at which level the well should repay the initial investment within two to three years.

Given the Group's recent acquisitive focus, further technical work will need to be completed to establish the value of the Group's undeveloped acreage.

8. Funding structure

Bank Facilities

The Group currently has in place a $25 million senior credit facility with CrossFirst Bank collateralised with certain of the assets of the Group (the "CrossFirst Facility"). As at the date of this document, the balance outstanding on the CrossFirst Facility was $2 million. The Directors intend to repay this $2 million balance, following Admission, from the proceeds of the Placing.The CrossFirst Facility has an expiration date of 30 June 2017 and will continue to be available to the Group on the current terms up to this date. The interest rate on the CrossFirst Facility is The Wall Street Journal prime rate plus 50 basis points. Interest is paid monthly with no required principal reduction.

The Directors continue to pursue alternative senior credit options with multiple financial institutions and anticipate the approval of a new facility collateralised with all of the producing assets of the Group prior to the expiration of the existing CrossFirst Facility. The Group intends to use the CrossFirst Facility and/or the subsequent anticipated new facility for acquisition funding as well as working capital requirements.

Should the Group be unable to either extend the existing CrossFirst Facility beyond 30 June 2017 or find alternative financing from other lenders, the Directors are of the opinion that the working capital available to the Group at that date will be sufficient to repay any remaining balance owing on the CrossFirst Facility.

The Group has in place total borrowings, as at the date of this document, of approximately $41 million (which amount includes the balance outstanding under the CrossFirst Facility) and as more fully summarised in note 16 of Part V(C) of this document. The Group intends to repay approximately $39.5 million, following Admission, from the proceeds of the Placing (as more fully set out in paragraph 10 of this Part II).

Bonds

On 24 June 2015, the Company issued £565,944, 8.5% unsecured bonds (due 24 June 2020) which were listed on the NEX Exchange Growth Market (formerly the ISDX Growth Market). The proceeds of the Bonds were used to purchase oil and gas producing assets in Ohio, reduce high yield debt and provide alternative sources of funding for acquisitions as part of the Group's wider growth strategy.

The Company issued additional Bonds to support four of the acquisitions made since June 2015. As at the date of this document the Group has issued £10,649,884 of Bonds. Following the announcement on 8 November 2016 on NEX Exchange of the proposed Placing and Admission, trading in the Bonds was suspended.

Under the terms of the Bond Instrument, if the Ordinary Shares are admitted to trading on AIM (or any other recognised investment exchange), the Company is required at the time of Admission to make an offer to all Bondholders to buy back and cancel all Bonds in issue and the consideration payable for the Bonds shall be satisfied by the allotment to Bondholders of new Ordinary Shares at a discount of 20% to the Placing Price at the time of Admission. The Bondholders are free to accept or reject such Buyback Share Offer. Consequently, on 16 November 2016 the Company made the Buyback Share Offer to all Bondholders (other than Bondholders in the United States). Simultaneously, the Company also made the Cash Alternative Offer whereby the Company offered to repurchase the Bonds for cash from Bondholders at a price of £1.05 per Bond.

Bondholders could elect to accept (i) the Buyback Share Offer (if located outside of the United States) in respect of all of their Bonds or (ii) the Cash Alternative Offer in respect of all of their Bonds. If a Bondholder did not accept either the Buyback Share Offer or the Cash Alternative Offer in respect of all of their Bonds, the Company shall not be obliged to redeem any of the outstanding Bonds until the final redemption date provided for in the Bond Instrument, being 24 June 2020.

Acceptances received by the Company under the Buyback Share Offer and the Cash Alternative Offer were as follows:

	Number of Bonds (£)	Percentage of Bonds
Buyback Share Offer	198,000	1.86%
Cash Alternative Offer	10,345,244	97.14%
Outstanding Bonds	106,640	1.00%
	10,649,884	**100.00%**

As at the date of this document, Robert Post and Rusty Hutson Jr. each hold £216,000 of Bonds. Conditional on Admission, both Robert Post and Rusty Hutson have accepted the Cash Alternative Offer described above, in relation to all of their Bonds.

The Cash Alternative Offer will be funded from the proceeds of the Placing on Admission. As a result of the Buyback Share Offer, 380,769 Bond Conversion Shares shall be issued on Admission. Given the level of acceptances received under the Buyback Share Offer, the Company has waived the condition contained within the Buyback Share Offer, that any Bondholder accepting the Buyback Share Offer shall agree that they will only dispose of any interests in their Bond Conversion Shares, for a period of 18 months following Admission through Mirabaud, in order to maintain an orderly market in the Ordinary Shares.

Application has been made to the London Stock Exchange for the Bond Conversion Shares to be admitted to trading on AIM. It is expected that Admission shall become effective and that dealings shall commence on 3 February 2017.

Bondholders accepting the Buyback Share Offer or Cash Alternative Offer have been paid the interest payment due on the Bonds relating to the quarter ended 31 December 2016, however, no interest will be paid to Bondholders accepting either the Buyback Share Offer or the Cash Alternative Offer in respect of future periods following 1 January 2017.

For those Bondholders who accepted the Buyback Share Offer, share certificates will be sent by first class post at the risk of the Bondholder within 10 business days of Admission.

For those Bondholders who accepted the Cash Alternative Offer, cheques will be sent by first class post at the risk of the Bondholder, within 10 business days of Admission.

It is intended that the 106,640 outstanding Bonds will be withdrawn from the NEX Exchange upon Admission and no alternative arrangements for dealing or trading in the outstanding Bonds will be arranged by the Company.

9. Selected Financial Information

The table below shows the selected key historical financial information for the three years ended 31 December 2015 and the six months ended 30 June 2016 extracted without material adjustment from the historical financial information on the Company contained within Part V of this document, together with the unaudited management information for the nine months ended 30 September 2016.

Summary income statements	For the year ended 31 December 2013 (Audited) $'000	For the year ended 31 December 2014 (Audited) $'000	For the year ended 31 December 2015 (Audited) $'000	For the 6 months ended 30 June 2016 (Unaudited) $'000	For the 9 months ended 30 September 2016 (Unaudited) $'000
Revenue	5,169	7,358	6,304	7,653	13,350
Cost of sales	(2,751)	(3,559)	(4,251)	(6,227)	(9,852)
Gross profit before depreciation, depletion and amortization	2,418	3,799	2,053	1,426	3,498
Depreciation, depletion and amortization	(2,308)	(2,160)	(3,388)	(507)	(2,042)
Gross profit	110	1,639	(1,335)	919	1,456
(Loss)/gain on derivative financial instruments	(115)	1,091	402	(308)	76
Loss on disposal of property, plant and equipment	-	(7)	(2)	-	-
Other income	-	-	-	-	15
Administrative costs	(557)	(971)	(1,016)	(887)	(1,235)
Operating (loss)/profit before non-recurring items	(562)	1,752	(1,951)	(276)	312
Finance income	1	-	-	-	-
Accretion of decommissioning provision	-	(170)	(366)	(223)	(425)
Finance costs and finance costs accrued	(2,266)	(2,734)	(4,102)	(1,371)	(2,438)
Potential initial public offering charges	-	-	(576)	-	
Loss before taxation before non-recurring items	(2,827)	(1,152)	(6,995)	(1,870)	(2,551)
Non-recurring items:					
Gain on bargain purchases	-	914	6,582	24,212	24,212
Gain on debt cancellation	-	-	-	14,149	14,149
Loss before taxation	(2,827)	(238)	(413)	36,491	35,810
Taxation	-	-	-		
Loss after taxation	(2,827)	(238)	(413)	36,491	35,810

Statement of financial position (extracts)	As at 31 December 2013 (Audited) $'000	As at 31 December 2014 (Audited) $'000	As at 31 December 2015 (Audited) $'000	As at 30 June 2016 (Unaudited) $'000	As at 30 September 2016 (Unaudited) $'000
Cash and cash equivalents	312	34	90	20	37
Borrowings	28,609	34,365	42,936	38,786	37,219
Total assets	29,405	34,440	46,487	86,253	84,472
Net assets/(liabilities)	(5,056)	(7,337)	(8,817)	27,739	27,062

Trading for the nine months to 30 September 2016 reflects the impact from the acquisitions of Eclipse Resources and Seneca Resources.

10. Details of the Placing and Use of Proceeds

The gross proceeds of the Placing, being $50.0 million (approximately £39.7 million), will be used for the repurchase of Bonds, repayment of existing debt facilities, costs of Admission and working capital requirements of the Group, as follows:

	£ million	**$ million**
Repurchase of Bonds	10.9	13.7
Debt repayment	21.0	26.4
Working capital	4.8	6.1
Costs of Admission	3.0	3.8
Total	**39.7**	**50.0**

The Company has conditionally raised £39.7 million ($50.0 million), before expenses (£36.6 million ($46.1 million) net of expenses) through the Placing being undertaken by Mirabaud and Smith & Williamson of 61,000,000 Placing Shares at 65 pence per Placing Share. The Placing Shares will represent approximately 57.7 per cent. of the Enlarged Share Capital on Admission.

On 30 January 2017, the Company, the Directors, Mirabaud and Smith & Williamson entered into the Placing Agreement pursuant to which Mirabaud and Smith & Williamson agreed, subject to certain conditions, to use their reasonable endeavours to procure subscribers for Placing Shares pursuant to the Placing. Under the Placing, the Placing Shares have been conditionally placed with institutional and other investors.

David Johnson has subscribed for 50,000 Placing Shares. Immediately following Admission, the Board and their immediate families are expected to hold in aggregate 44,260,481 Ordinary Shares amounting to approximately 41.9 per cent. of the Enlarged Share Capital on Admission.

The Placing is subject to the satisfaction of certain conditions contained in the Placing Agreement, including Admission occurring on or before 3 February 2017 (or such later date as Mirabaud, Smith & Williamson and the Company may agree, being not later than 17 February 2017). The Placing Agreement contains provisions entitling Mirabaud and Smith & Williamson to terminate the Placing (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised, the Placing will lapse, any monies received in respect of the Placing will be returned to applicants without interest and Admission will not occur.

The Placing Shares will rank, on issue, pari passu in all respects with the Existing Ordinary Shares of the Company including the right to receive all dividends and distributions paid or made in respect of the Ordinary Shares. The Placing Shares will be issued free from all liens, charges and encumbrances.

Further details of the Placing Agreement are set out in paragraph 12.10 of Part VIII of this document.

11. Directors and Senior Management

Board

The Board comprises three executive directors and, with effect from Admission and following the appointment of David Johnson, two non-executive directors.

Robert Marshall Post, (60), Executive Chairman

Mr. Post joined Diversified Gas & Oil in 2005 as 50% owner with Mr. Hutson Jr. Mr. Post was Controller for Whiting Corporation for 3 years. He then purchased TramBeam, an overhead crane company, from Whiting Corporation and owned and operated the business for 20 years. Mr. Post sold TramBeam in 2002 to a London based corporation, FKI Industries. He has a B.S. degree in Accounting (Finance minor) from Jacksonville State University - Alabama.

Robert "Rusty" Russell Hutson Jr., (47), Chief Executive Officer

Mr Hutson Jr. is the fourth generation of his family to be involved in the oil and gas industry but the first to hold an executive role, with his Father, Grandfather and Great Grandfather all working in various field operational roles. Before founding Diversified Gas & Oil in 2001, Mr. Hutson Jr. held finance and accounting roles for 13 years at Bank One (Columbus, Ohio) and Compass Bank (Birmingham, Alabama). He finished his banking career as CFO of Compass Financial Services. Mr. Hutson has a B.S. degree in Accounting from Fairmont State College - West Virginia. He is a former certified public accountant ("CPA") (Ohio).

Bradley Grafton Gray, (48), Finance Director and US Chief Operating Officer

Prior to joining the Company in October 2016, Mr. Gray held the position of Senior Vice President and Chief Financial Officer for Royal Cup, Inc., a United States based commercial coffee roaster and wholesale distributor of tea and other beverage related products. Prior to Royal Cup, Inc., from 2006 to 2014, Mr. Gray worked in the petroleum distribution industry for The McPherson Companies, Inc. and held the position of Executive Vice President and Chief Financial Officer. Additionally, from 1997 to 2006, Mr. Gray worked in various financial and operational roles with Saks Incorporated, a previously listed New York Stock Exchange retail group in the United States. Mr Gray began his career at Arthur Andersen. Mr. Gray has a B.S. degree in Accounting from the University of Alabama and he is a licensed CPA (Alabama).

David Edward Johnson, (56), Senior Independent Non-executive Director

Mr Johnson has enjoyed a long and successful career in the investment sector. He has worked at a number of leading City investment houses, as both an investment analyst and more recently in equity sales and investment management. During his career he has worked for Sun Life Assurance, Henderson Crosthwaite and Investec Securities. He joined Panmure Gordon & Co in 2004 where he worked until 2013, including as Head of Sales from 2006 and then Head of Equities from 2009. He joined Chelverton Asset Management in 2014 where he had specific responsibility for the Group's private equity investments. Mr Johnson is a non-executive director of AIM quoted Bilby plc, a holding company providing a platform for strategic acquisitions in the gas heating and general building services industries.

Martin Keith Thomas, (52), Independent Non-executive Director

Martin Thomas is a partner in the corporate team at Watson Farley & Williams in London. Martin specialises in advising on IPOs and secondary offerings of equity and debt on the London capital markets, corporate finance and M&A work, including cross-border and domestic acquisitions and disposals, joint ventures and private equity transactions. Previously named one of *The Lawyer's* "UK Hot 100 Lawyers" and ranked by both *Chambers and Partners* and *Legal 500*, Martin advises clients operating in a variety of sectors, including oil and gas, renewable energy, natural resources and mining, climate change, financial services and early stage technology. During his legal career of 30 years, Martin has also held senior management positions including 7 years as the European Managing Partner of a global law firm headquartered in the United States.

Senior Management

Robert ("Rusty") Russell Hutson, Sr., (68), Field Operations Manager

Rusty Hutson, Senior., spent over 30 years in the oil and gas business in various operational roles for oil and gas operators. The Hutson family has been engaged in aspects of the oil and gas industry in West Virginia, United States since the early 1900s. He now supervises the West Virginia operations for the Group.

Timothy Louis Altier, (53), Production Manager – Ohio

Tim Altier is the third generation in his family to work in the oil and gas industry. Mr. Altier started his career at Dominion East Ohio where he worked in the engineering and metering division. He spent 16 years as the Operations Manager at Range Resources and their predecessors with responsibility for all their wells and production in Ohio and New York. After Range sold their Ohio and New York production, Mr. Altier moved to Mountaineer Keystone as Production Manager where he worked with Utica and Marcellus production. Mr. Altier left Mountaineer Keystone to become the Conventional Production Manager of Eclipse Resources in Ohio. Mr. Altier joined the Group as Production Manager for all of the Group's operations in the state of Ohio upon its acquisition of Eclipse. Mr. Altier has a Petroleum Engineering Degree from Marietta College in Marietta, Ohio and also received his Master's Degree in Petroleum Engineering from West Virginia University in Morgantown, West Virginia.

Garland "Drew" Adamo, (55), Production Manager – Pennsylvania

Mr. Adamo started his career in 1986 with Victory Energy Corporation as a well tender, spending 10 years learning well tending and compressor operations. In 1996, Mr. Adamo moved to Texas Keystone Inc ("TKI") spending 20 years growing from well tending to management. Mr. Adamo managed all of TKI's field operations in Pennsylvania and West Virginia, consisting of drilling, completing and pipelining over 1,500 conventional gas wells. Mr. Adamo's 30 years of experience in the oil & gas industry has grown his extensive knowledge of all facets of conventional field operations, specialising in engineering and setting large horsepower compression. Mr. Adamo joined the Group upon its acquisition of the TKI conventional assets, as Production Manager for all of the Group's operations in the state of Pennsylvania.

Lindsey Stryker Pourciau, (31), Treasury and Financial Controller

Lindsey joined the Group in 2011 and is responsible for financial statement and budget preparation, monthly closing procedures and audit & tax oversight. Prior to joining the Group, Lindsey was a Senior Accountant with Barfield, Murphy, Shank & Smith where she audited construction contractors, manufacturing and distribution companies. She has a Master of Accountancy and a B.S. in Accounting from Samford University and she is a licensed CPA (Alabama).

12. Management Incentive Arrangements

The Board believes that the Company's success is highly dependent on the quality and loyalty of the current and future directors and employees. To assist in the recruitment, retention and motivation of high quality directors and employees as necessary, the Company must have an effective remuneration strategy. The Board considers that an important part of this remuneration strategy is the ability to award equity incentives and, in particular, Share Options.

Following Admission, Share Options may be granted under the Share Option Scheme. The Board intends that a maximum of 10 per cent. of the issued share capital of the Company (as enlarged) from time to time will be under option. A total of up to 10,559,125 new Ordinary Shares of the Company shall be available to satisfy awards under the Share Option Scheme on Admission. Further details of the Share Option Scheme are set out in paragraph 7.3 of Part VIII of this document.

13. Warrants

The Company has committed to issue the Warrants to Smith & Williamson and Mirabaud which are exercisable into 3,050,000 Ordinary Shares representing (if exercised in full) 2.7 per cent. of the Enlarged Share Capital. The Warrants are capable of being exercised immediately upon Admission for a period of five years. Further details of the Warrants are set out in paragraphs 12.17 and 12.18 of Part VIII of this document.

14. Corporate Governance and Internal Controls

The Board comprises two independent non-executive Directors and three executive Directors. The Company is not required to comply with the provisions of the UK Corporate Governance Code. However, the Directors recognise the importance of sound corporate governance and intend to comply with the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies, where relevant, which they believe is appropriate for a company with shares admitted to trading on AIM. In particular, the Directors are responsible for overseeing the effectiveness of the internal controls of the Company designed to ensure that proper accounting records are maintained, and that the financial information on which business decisions are made, and which is issued for publication, is reliable and that the assets of the Company are safeguarded.

The Company will hold regular board meetings throughout the year at which reports relating to the Group's operations, together with financial reports, will be considered. The Board is responsible for formulating, approving and reviewing the Group's strategy, budgets, major items of expenditure and senior personnel appointments.

The shareholdings of the two non-executive directors, David Johnson and Martin Thomas on Admission will represent 0.05 per cent. and 1.89 per cent. of the Enlarged Share Capital, respectively. Given the size of their shareholdings, the absence of any cross directorships or relationships with other board members and David Johnson's appointment with effect from Admission, the Board is satisfied that the non-executive directors are considered independent under the criteria identified in the QCA Corporate Governance Code for Mid-Size Quoted Companies.

The Audit Committee

The Company has established an audit committee, which comprises Bradley Gray (Chairman), David Johnson and Martin Thomas. The audit committee's main functions include, *inter alia*, reviewing and monitoring internal financial control systems and risk management systems on which the Company is reliant, considering annual and interim accounts and audit reports, making recommendations to the Board in relation to the appointment and remuneration of the Company's auditors and monitoring and reviewing annually their independence, objectivity, effectiveness and qualifications.

The Remuneration Committee

The Company has established a remuneration committee, which comprises David Johnson (Chairman), Robert Post and Martin Thomas, and meets as often as required to enable the remuneration committee to fulfill its obligations to the Company. The remuneration committee will be responsible for reviewing the performance of the Chairman and the executive directors and for setting the scale and structure of their remuneration, paying due regard to the interests of Shareholders as a whole and the performance of the Group. The remuneration committee will also approve the design of and determine targets for any performance-related pay schemes operated by the Company.

Share dealing code and AIM Rule Compliance Code

The Company has adopted a code for dealings in Ordinary Shares which is appropriate for an AIM company, in compliance with Rule 21 of the AIM Rules for Companies and with the Market Abuse Regulation. The Company has also adopted an AIM Rules compliance code with effect from Admission.

15. Distribution and Dividend Policy

The Directors intend to adopt a progressive dividend policy to reflect the expectation of future cash flow generation and long-term earnings potential of the Group. The Board intends that not less than 40 per cent of operating free cash flow will be paid to Shareholders by way of dividend.

The Board anticipates that it will recommend payment of a final dividend in respect of the year to 31 December 2016, to be paid in June 2017 to those Shareholders on the share register on the relevant record date.

The Directors may revise the Group's dividend policy from time to time in line with the actual results and financial position of the Group.

16. Concert Party

The Company is a public company incorporated in the United Kingdom and its Ordinary Shares will be admitted to trading on AIM. Accordingly, the City Code applies to the Company.

Under Rule 9 of the City Code, if a person acquires an interest in Ordinary Shares which, together with that person's concert parties' interests in Ordinary Shares, carries 30 per cent. or more of the voting rights of the Company, that person would normally be required (except with the consent of the Takeover Panel) to make a cash offer for the Ordinary Shares not already held by them at a price not less than the highest price paid for the Ordinary Shares by the person or its concert parties during the previous 12 months.

Under Rule 9 of the City Code, this requirement would also normally be triggered by any acquisition of an interest in Ordinary Shares by a person (together with its concert parties) interested in shares carrying between 30 and 50 per cent. of the voting rights in the Company, if the effect of such acquisition would be to increase those persons' percentage interest in the total voting rights of the Company.

"Interests in shares" is defined broadly in the City Code. A person who has long economic exposure, whether absolute or conditional, to changes in the price of shares will be treated as interested in those shares. A person who only has a short position in shares will not be treated as interested in those shares.

"Voting rights" for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting.

"Persons acting in concert" (and "concert parties") comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. Certain categories of people are deemed under the City Code to be acting in concert with each other unless the contrary is established.

On Admission, the City Code will apply to the Company. Accordingly, pursuant to presumption (9) contained within the City Code's definition of "acting in concert", Robert Post, Rusty Hutson Jr. and Bradley Gray (being shareholders of the Company immediately prior to Admission) are presumed to be acting in concert with each other in relation to the Company (together the "Concert Party Members").

Immediately following Admission and on completion of the Placing and Bond Conversion, the Concert Party Members will, together, own in aggregate 42,210,481 Ordinary Shares, representing approximately 40.0 per cent. of the Company's issued voting share capital immediately after the Placing and Bond Conversion ("Maximum Voting Stake").

Since, following Admission and completion of the Placing and Bond Conversion, the Maximum Voting Stake in which the Concert Party Members will be interested will, in aggregate, be more than 30 per cent. but less than 50 per cent. of the voting rights of the Company, any member of this group will not normally be able to acquire an additional interest in shares carrying voting rights in the Company without incurring an obligation to make a mandatory offer pursuant to Rule 9 of the City Code.

17. Relationship Agreement

The Company, Rusty Hutson Jr. and Robert Post have entered into the Relationship Agreement, which regulates the ongoing relationship between them with a view to ensuring that, amongst other things, (i) DGO is capable of carrying on its business independently of Rusty Hutson Jr. and Robert Post and (ii) transactions and relationships between DGO and Rusty Hutson Jr. and Robert Post are entered into at arm's length and on normal commercial terms. A summary of the terms of the Relationship Agreement is set out in paragraph 12.16 of Part VIII of this document.

18. Outlook

The Directors look forward to the coming year with confidence as the Group's assets are expected to deliver strong sales and increase operating free cash flow even in the midst of a challenging commodity price environment.

The Group has entered into a variety of hedging and fixed price sale contracts for oil and gas production providing a degree of downside protection on 2017 revenues. Through financial hedges, the Group has hedged approximately 43% of its commodity price exposure for gas production and 62% of its price exposure for oil production for 2017. Through fixed price contracts, the Group has protected approximately 55% of its net market price received for gas production in 2017. The Group does not enter in to fixed price contracts for its oil production. The combination of financial hedges and fixed price contracts for gas provides the Group with price protection on a large majority of its gas production for 2017. DGO's operational structure enables it to generate significant operating free cash flow, even in the current low energy price environment, with an average operating cost equivalent to $9.53/boe.

The Board continues to identify attractive acquisition and investment opportunities to purchase additional producing assets in the Group's existing footprint. Low oil and natural gas prices have resulted in larger companies divesting non-core and distressed assets and the Group continues to explore and exploit these opportunities. Any additional assets purchased are expected to complement the Group's existing portfolio and continue to provide an increase in revenue and net cash flow.

The Directors believe that they have the capacity to leverage their existing operating structure which provides them with an opportunity to operate acquired assets more efficiently than larger companies with significant overhead. The Directors believe that the Company's cash flow, and the proceeds of the Placing, will be sufficient to cover all current obligations under its outstanding debt and the Group's proposed dividend policy.

PART III

RISK FACTORS

Any investment in the Ordinary Shares is speculative and subject to a high degree of risk. Therefore, prior to investing in the Ordinary Shares, prospective investors should consider carefully the risks associated with any investment in the Ordinary Shares, the Group's business and the industry in which the Group operates, together with all other information contained in this document including, in particular, the risk factors described below. If any of the following risks actually occur, the Group's business, financial condition, capital resources, results or future operations could be materially adversely affected.

Additional risks and uncertainties relating to the Company and its subsidiaries that are not currently known to the Company, or that the Company currently deems immaterial, may also have a material adverse effect on the business of the Group or on the Group's financial condition and operating results.

This, among other factors, could cause a decrease in the price of the Ordinary Shares and investors could lose all or part of their investment. If you are in any doubt about the contents of this document or the action you should take, you are strongly recommended to consult a professional adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

Investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in view of the information in this document, their personal circumstances and the financial resources available to them.

RISKS RELATING TO THE BUSINESS

Risks relating to the Group's activities and the oil and gas industry

There are numerous factors which may affect the success of the Group's business which are beyond its control including local, national and international economic, legal and political conditions. The Group's business involves a high degree of risk which a combination of experience, knowledge and careful evaluation may not overcome.

Title matters and payment obligations

There is no guarantee that an unforeseen defect in title, changes in law or change in the interpretation of law or political events will not arise to defeat or impair the claim of the Group to any properties which it currently owns or may acquire which could result in a material adverse effect on the Group, including a reduction in any revenues generated.

Success of acquisition strategy not guaranteed

Returns ultimately achieved by investors in the Company will be reliant upon the quality and performance of the assets being acquired directly or indirectly by the Company. The success of the Company's strategy also depends on the Directors' ability to identify potential assets, and the acquisition of the assets on favourable terms and to generate value from the assets. No assurance is given that the strategy to be used will be successful under all or any market conditions or that the Company will be able to invest its capital directly or indirectly to acquire assets on attractive terms and to generate returns for investors.

Issues resulting from limited due diligence on new acquisitions

The Group intends in the future to acquire directly or indirectly a number of oil and gas assets in the Appalachian Basin. The Group intends to perform a review in respect of any potential assets prior to acquisition. Although it is intended that any such review would be consistent with industry practice, such reviews are inherently incomplete. It is generally not feasible to review in depth every individual well or field involved in each acquisition. Generally, the Group will aim to focus its due diligence efforts on higher-valued assets and will sample the remainder. However, even an in-depth review of all assets and records may not necessarily reveal existing or potential problems, nor will it permit a buyer to become sufficiently familiar with the assets to assess fully their deficiencies and capabilities. The Group may be required to assume directly or indirectly pre-closing liabilities, including environmental liabilities, and may acquire direct or indirect interests in assets on an "as is" basis. Future acquisitions may include offshore licences and/or exploration assets. The acquisition of such assets would provide much greater levels of risk for the Group, because such assets, by their nature, may be more expensive to acquire and more difficult to exploit.

Prospective investments and growth strategy execution risks

In order to expand its operations, the Group may expend costs on, *inter alia*, conducting due diligence into potential investment opportunities in further businesses, assets or prospects/projects that may not be successfully completed or result in any acquisition being made, which could have a material adverse effect on its business, operating results and financial condition.

Risks relating to taxation

There can be no certainty that the current taxation regime in the UK or overseas jurisdictions within which the Group currently operates or may operate in the future will remain in force or that the current levels of corporation taxation will remain unchanged. There can be no assurance that there will be no amendment to the existing taxation laws applicable to the Group, which may have a material adverse effect on the Group's financial position.

Any change in the Group's tax status or in taxation legislation in the UK or the United States could affect the Group's ability to provide returns to Shareholders. Statements in this document concerning the taxation of investors in shares are based on current law and practice, which is subject to change. The taxation of an investment in the Group depends on the individual circumstances of investors.

The nature and amount of tax which members of the Group expect to pay and the reliefs expected to be available to any member of the Group are each dependent upon several assumptions, any one of which may change and which would, if so changed, affect the nature and amount of tax payable and reliefs available. In particular, the nature and amount of tax payable is dependent on the availability of relief under tax treaties and is subject to changes to the tax laws or practice in any of the jurisdictions affecting the Group. Any limitation in the availability of relief under these treaties, any change in the terms of any such treaty or any changes in tax law, interpretation or practice could increase the amount of tax payable by the Group.

The Group is subject to income taxes in the United States and United Kingdom, and its domestic and international tax liabilities are subject to the allocation of expenses in differing jurisdictions.

The Group's effective tax rate could be adversely affected by changes in the mix of earnings and losses in countries with differing statutory tax rates, certain non-deductible expenses arising from stock option compensation, the valuation of deferred tax assets and liabilities and changes in federal, state or international tax laws and accounting principles. Increases in the Group's effective tax rate could materially affect the Group's net financial results.

In addition, the Group is subject to income tax audits by many tax jurisdictions. Although the Directors believe that the Group's income tax liabilities are reasonably estimated and accounted for in accordance with applicable laws and principles, an adverse resolution of one or more uncertain tax positions in any period could have a material impact on the results of operations for that period.

Lastly, due to the Group's parent company being a UK based entity with operations and assets in the United States, any changes in United States federal tax law or tax rulings unfavorable to the Group structure related to non-U.S. owned parent companies could have a material impact on the Group's effective tax rate, cash flows and results of operations.

Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their professional advisers.

Dependence on key executives and personnel

The future performance of the Group will to a significant extent be dependent on its ability to retain the services and personal connections or contacts of key executives and to attract, recruit, motivate and retain other suitably skilled, qualified and industry experienced personnel to form a high calibre management team.

Such key executives are expected to play an important role in the development and growth of the Group, in particular by maintaining good business relationships with regulatory and governmental departments and essential partners, contractors and suppliers.

In addition, attracting and retaining additional skilled personnel may be required to ensure the development of the Group's business. The Group faces significant competition for skilled personnel in the oil and gas sector.

Although certain key executives and personnel have entered, or will subject to Admission enter, into service agreements or letters of appointment with the Group, there can be no assurance that the Group will retain their services. The loss of the services of any of the key executives or personnel may have a material adverse effect on the business, operations, relationships and/or prospects of the Group.

Controlling shareholder

Subject to the restrictions contained in the Relationship Agreement, following Admission, Rusty Hutson Jr. and Robert Post will hold, in aggregate, 40,000,000 Ordinary Shares representing 37.9 per cent. of the Company's issued share capital. As long as Rusty Hutson Jr. and Robert Post directly or indirectly own 25 per cent. each of the Company's Ordinary Shares, Rusty Hutson Jr. and Robert Post will be able to, among other things, propose and pass without support from independent Shareholders all ordinary resolutions of the Company. Rusty Hutson Jr. and Robert Post will also be able to control or exert significant influence on all of the Group's policy decisions and its strategic direction. Independent shareholders will benefit from minority shareholder protection to the extent prescribed under English law and under the City Code.

Labour

Certain of the Group's operations may be carried out under potentially hazardous conditions. Whilst the Group intends to operate in accordance with relevant health and safety regulations and requirements, the Group remains susceptible to the possibility that liabilities might arise as a result of accidents or other workforce-related misfortunes, some of which may be beyond the Group's control. Further, the Group may struggle to recruit engineers and other important members of the workforce required to run a full exploration or appraisal programme. Shortages of labour, or of skilled workers, may cause delays or other stoppages during exploration and appraisal activities.

Retention of key business relationships

The Group will rely significantly on strategic relationships with other entities, on good relationships with regulatory and governmental departments and on third parties to provide essential contracting services.

There can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed, and the Group could be adversely affected by changes to such relationships or difficulties in forming new ones. Any circumstance which causes the early termination or non-renewal of one or more of these key business alliances or contracts could adversely impact the Group, its business, operating results and prospects.

Credit market conditions

Recent events in the credit markets have significantly restricted the supply of credit to the industry, as financial institutions have applied more stringent lending criteria or exited the market entirely. If current market conditions worsen, it will be more costly and more difficult for the Group to secure any significant debt facilities or indeed such facilities may no longer be available.

Market perception

Market perception of junior extraction companies, in particular those operating in energy markets, as well as all oil and gas companies in general, may change, which could impact on the value of investors' holdings and the ability of the Group to raise further funds through the issue of further Ordinary Shares in the Company or otherwise.

Insurance coverage and uninsured risks

The Group insures its operations in accordance with industry practice and plans to insure the risks it considers appropriate for the Group's needs and circumstances. However, the Group may elect not to have insurance for certain risks, due to the high premium costs associated with insuring those risks or for various other reasons, including an assessment in some cases that the risks are remote.

No assurance can be given that the Group will be able to obtain insurance coverage at reasonable rates (or at all), or that any coverage it or the relevant operator obtains, and any proceeds of insurance, will be adequate and available to cover any claims arising. The Group may become subject to liability for pollution, blow-outs or other hazards against which it has not insured or cannot insure, including those in respect of past activities for which it was not responsible. Any indemnities the Group may receive from such parties may be difficult to enforce if such sub-contractors, operators or joint venture partners lack adequate resources.

In the event that insurance coverage is not available or the Group's insurance is insufficient to fully cover any losses, claims and/or liabilities incurred, or indemnities are difficult to enforce, the Group's business and operations, financial results or financial position may be disrupted and adversely affected.

The payment by the Group's insurers of any insurance claims may result in increases in the premiums payable by the Group for its insurance cover and adversely affect the Group's financial performance. In the future, some or all of the Group's insurance coverage may become unavailable or prohibitively expensive.

Functioning insurance market

Operational insurance policies are usually placed in one year contracts and the insurance market can withdraw cover for certain risks, which can greatly increase the costs of risk transfer. Such increases are often driven by factors unrelated to the Group such as well control elsewhere in the world and wind storm damage.

Bank default

Recent credit market events have demonstrated the possibility of banks, previously thought to be secure, defaulting on their deposits. A good rating from a reputable rating agency does not provide adequate protection against default risk and as a corporate depositor the Group may fall outside any deposit protection schemes. However, if one or more of the Group's banks defaults on its deposits it would have a material adverse effect on the Group's ability to fund its commitments. In such an economic environment the Group would be unlikely to be able to sell assets at reasonable values or raise equity finance and consequently might be unable to continue its business.

Future litigation

From time to time, the Group may be subject, directly or indirectly, to litigation arising out of its proposed operations. Damages claimed under such litigation may be material or may be indeterminate, and the outcome of such litigation may materially impact the Group's business, results of operations or financial condition. While the Group assesses the merits of each lawsuit and defends itself accordingly, it may be required to incur significant expenses or devote significant resources to defending itself against such litigation. In addition, the adverse publicity surrounding such claims may have a material adverse effect on the Group's business.

GENERAL EXPLORATION, DEVELOPMENT AND PRODUCTION RISKS

Development and production risks

There can be no guarantee that any hydrocarbons discovered will be developed into profitable production, or that hydrocarbons will be discovered in commercial quantities or developed to profitable production. The business of development and exploitation of hydrocarbon deposits is speculative and involves a high degree of risk, which even a combination of careful evaluation, experience and knowledge may not eliminate. Hydrocarbon deposits assessed by the Group may not ultimately contain economically recoverable volumes of resources and even if they do, delays in the construction and commissioning of production projects or other technical difficulties may result in any projected target dates for production being delayed or further capital expenditure being required.

The operations and planned drilling activities of the Group may be disrupted, curtailed, delayed or cancelled by a variety of risks and hazards which are beyond the control of the Group, including unusual or unexpected geological formations, formation pressures, geotechnical and seismic factors, environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures or discharge of toxic gases, industrial accidents, occupational and health hazards, technical failures, mechanical difficulties, equipment shortages, labour disputes, fires, power outages, compliance with governmental requirements and extended interruptions due to inclement or hazardous weather and ocean conditions, explosions, blow-outs, pipe failure and other acts of God. Any one of these risks and hazards could result in work stoppages, damage to, or destruction of, the Group's facilities, personal injury or loss of life, severe damage to or destruction of property, environmental damage or pollution, clean-up responsibilities, regulatory investigation and penalties, business interruption, monetary losses and possible legal liability which could have a material adverse impact on the business, operations and financial performance of the Group. Although precautions to minimise risk are taken, even a combination of careful evaluation, experience and knowledge may not eliminate all of the hazards and risks. In addition, not all of these risks are insurable.

Hydrocarbon resource and reserve estimates

No assurance can be given that hydrocarbon resources and reserves reported by the Group in the future are present as estimated, will be recovered at the rates estimated or that they can be brought into profitable production. Hydrocarbon resource and reserve estimates may require revisions and/or changes (either up or down) based on actual production experience and in light of the prevailing market price of oil and gas. A decline in the market price for oil and gas could render reserves uneconomic to recover and may ultimately result in a reclassification of reserves as resources.

Unless stated otherwise, the hydrocarbon resources data contained in this document is taken from the Competent Person's Report. The resources data contained in this document has been certified by the Competent Person unless stated otherwise. There are uncertainties inherent in estimating the quantity of resources and reserves and in projecting future rates of production, including factors beyond the Group's control. Estimating the amount of hydrocarbon resources and reserves is an interpretive process and, in addition, results of drilling, testing and production subsequent to the date of an estimate may result in material revisions to original estimates.

The hydrocarbon resources data contained in this document and in the Competent Person's Report are estimates only and should not be construed as representing exact quantities. The nature of resource quantification studies means that there can be no guarantee that estimates of quantities and quality of the resources disclosed will be available for extraction. Any resource estimates contained in this document are based on production data, prices, costs, ownership, geophysical, geological and engineering data, and other information assembled by the Group (which it may not necessarily have produced). The estimates may prove to be incorrect and potential investors should not place reliance on the forward looking statements contained in this document (including data included in the Competent Person's Report or taken from the Competent Person's Report and whether expressed to have been certified by the Competent Person or otherwise) concerning the Group's resources and reserves or production levels.

If the assumptions upon which the estimates of the Group's hydrocarbon resources have been based prove to be incorrect, the Group (or the operator of an asset in which the Group has an interest) may be unable to recover and produce the estimated levels or quality of hydrocarbons set out in this document and the Group's business, prospects, financial condition or results of operations could be materially and adversely affected.

Capital expenditure estimates may not be accurate

Estimated capital expenditure requirements are estimates based on anticipated costs and are made on certain assumptions. Should the Group's capital expenditure requirements turn out to be higher than currently anticipated (for example, if there are unanticipated difficulties in drilling or connecting to infrastructure or price rises) the Group or its partners may need to seek additional funds which it may not be able to secure on reasonable commercial terms to satisfy the increased capital expenditure requirements. If this happens, the Group's business, cash flow, financial condition and operations may be materially adversely affected.

Production operations may produce unforeseen issues and drilling activities may not be successful

The planned production operations involve risks common to the industry, including blowouts, oil spills, explosions, fires, equipment damage or failure, natural disasters, geological uncertainties, unusual or unexpected rock formations and abnormal geological pressures. In the event that any of these occur, environmental damage, injury to persons and loss of life, failure to produce oil or gas in commercial quantities or an inability to fully produce discovered reserves could result. Drilling activities may be unsuccessful and the actual costs incurred in drilling, operating wells and completing well workovers may exceed budget. There may be a requirement to curtail, delay or cancel any drilling operations because of a variety of factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, adverse weather conditions, compliance with governmental requirements and shortages or delays in the availability of drilling rigs and the delivery of equipment. The occurrence of any of these events could have a material adverse effect on the Group's business, prospects, financial condition and operations.

Increase in drilling costs and the availability of drilling equipment

The oil and gas industry historically has experienced periods of rapid cost increases. Increases in the cost of exploration and development would affect the Group's ability to invest directly or indirectly in prospects and to purchase or hire equipment, supplies and services. In addition, the availability of drilling rigs and other equipment and services is affected by the level and location of drilling activity around the world. An increase in drilling operations outside or in the Group's intended area of operations may reduce the availability of equipment and services to the Group and to the companies with which it operates. The reduced availability of equipment and services may delay the Group's ability, directly or indirectly, to exploit reserves and adversely affect the Group's operations and profitability.

Delays in production, marketing and transportation

Various production, marketing and transportation conditions may cause delays in oil production and adversely affect the Group's business.

The marketability and price of oil and natural gas that may directly or indirectly be acquired or discovered by the Group will be affected by numerous factors beyond the control of the Group. The Group is also subject to market fluctuations in the prices of oil and natural gas, deliverability uncertainties related to the proximity of reserves to adequate pipeline and processing facilities, and extensive government regulations relating to price, taxes, royalties, licences, land tenure, allowable production, the export of oil and natural gas, and many other aspects of the oil and natural gas business. Any or all of these factors may result in an adverse impact on the financial returns anticipated by the Group.

Decommissioning costs

Decommissioning costs will be incurred by the Group at the end of the operating life of some of the Group's properties. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change, for example, in response to changes in reserves or changes in laws and regulations or their interpretation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

Failure to meet contractual work commitments may lead to penalties

The Group may, indirectly, be subject to contractual work commitments, from time to time, which may include minimum work programmes to be fulfilled within certain time restraints. Specifically these commitments may cover certain depths of wells to be drilled, seismic surveys to be performed and other data acquisition. Failure to comply with such obligations, whether inadvertent or otherwise, may lead to fines, penalties, restrictions and withdrawal of licences with consequent material adverse effects.

Interruptions in availability of exploration, production or supply infrastructure

The Group may suffer, indirectly, from delays or interruptions due to lack of availability of drilling rigs or construction of infrastructure, including pipelines, storage tanks and other facilities, which may adversely impact the operations and could lead to fines, penalties and criminal sanctions against the Group and/or its officers or its current or future licences or interests being terminated. Delays in obtaining licences, permissions and approvals required by the Group or its partners in the pursuance of its business objectives could likewise have a material adverse impact on the Group's business and the results of its operations.

Third party contractors and providers of capital equipment are in short supply and can be expensive

The contracting or leasing services and equipment from third-party providers and suppliers may be problematic in that such equipment and services can be in short supply and may not be readily available at the times and places required. In addition, the costs of third-party services and equipment have increased significantly over recent years and may continue to rise. This may, therefore, have an adverse effect on the Group's business. In addition, the failure of a third party provider or supplier of equipment or services could have a material adverse impact on the Group's business and the results of its operations.

Risk of loss of oil and gas rights

The Group's activities are dependent upon the maintenance of appropriate leases (which includes the continuation of production from applicable existing wells), licences, concessions, permits and regulatory consents which may be withdrawn or made subject to qualifications. Although the Group believes that the authorisations in relation to all of the Group's interests in the Appalachian Basin will not be withdrawn and will be maintained (as the case may be), there can be no guarantee that such authorisations will not, in the future, be withdrawn, fail to be renewed or granted. There can be no assurance as to the terms of such future grants or renewals.

Natural disasters

Any interest held by the Group is subject to the impacts of any natural disaster such as earthquakes, epidemics, fires and floods etc. No assurance can be given that the Group will not be affected by future natural disasters.

Environmental factors

The Group's operations are, and will be, subject to environmental regulation (with regular environmental impact assessments and evaluation of operations required before any permits are granted to it) in the Appalachian Basin and any other regions in which the Group may operate. Environmental regulations are likely to evolve in a manner that will require stricter standards and enforcement measures being implemented, increases in fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees. Compliance with environmental regulations could increase the Group's costs. Should the Group's operations not be able to comply with this mandate, financial penalties may be levied. Environmental legislation can provide for restrictions and prohibitions on spills, releases of emissions of various substances produced in association with oil, condensate and natural gas operations. In addition, certain types of operations may require the submission and approval of environmental impact assessments. The Group's operations will be subject to such environmental policies and legislation.

Environmental legislation and policy is periodically amended. Such amendments may result in stricter standards of enforcement and in more stringent fines and penalties for non-compliance. Environmental assessments of existing and proposed projects may carry a heightened degree of responsibility for companies and their directors, officers and employees. The costs of compliance associated with changes in environmental regulations could require significant expenditure, and breaches of such regulations may result in the imposition of material fines and penalties. In an extreme case, such regulations may result in temporary or permanent suspension of production operations. There can be no assurance that these environmental costs or effects will not have a materially adverse effect on the Group's future financial condition or results of operations.

INVESTMENT AND AIM RISKS

Share price volatility and liquidity

Although the Company is applying for the Enlarged Share Capital to be admitted to trading on AIM, there can be no assurance that an active or liquid trading market for the Ordinary Shares will develop or, if developed, that it will be maintained. AIM is a market designed primarily for emerging or smaller growing companies which carry a higher than normal financial risk and tend to experience lower levels of liquidity than larger companies. Accordingly, AIM may not provide the liquidity normally associated with the Official List or some other stock exchanges. The Ordinary Shares may therefore be difficult to sell compared to the shares of companies listed on the Official List and the share price may be subject to greater fluctuations than might otherwise be the case. An investment in shares traded on AIM carries a higher risk than those listed on the Official List.

The Company is principally aiming to achieve capital growth and, therefore, Ordinary Shares may not be suitable as a short-term investment. Consequently, the share price may be subject to greater fluctuation on small volumes of shares traded, and thus the Ordinary Shares may be difficult to sell at a particular price.

Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. There can be no guarantee that the value of an investment in the Company will increase. Investors may therefore realise less than, or lose all of, their original investment.

The share prices of publicly quoted companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares may be influenced by a large number of factors, some of which are general or market specific, others which are sector specific and others which are specific to the Group and its operations. These factors include, without limitation, the performance of the Company and the overall stock market, large purchases or sales of Ordinary Shares by other investors, changes in legislation or regulations and changes in general economic, political or regulatory conditions and other factors which are outside of the control of the Company.

Shareholders may sell their Ordinary Shares in the future to realise their investment. Sales of substantial amounts of Ordinary Shares following Admission and/or termination of the lock-in agreements (the terms of which are summarised in paragraph 12.11 of Part VIII of this document), or the perception that such sales could occur, could materially adversely affect the market price of the Ordinary Shares available for sale compared to the demand to buy Ordinary Shares. Such sales may also make it more difficult for the Company to sell equity securities in the future at a time and price that is deemed appropriate. There can be no guarantee that the price of the Ordinary Shares will reflect their actual or potential market value or the underlying value of the Group's net assets and the price of the Ordinary Shares may decline below the Placing Price.

Investment risk

An investment in the Company is highly speculative, involves a considerable degree of risk and is suitable only for persons or entities which have substantial financial means and who can afford to hold their ownership interests for an indefinite amount of time. While various oil and gas investment opportunities are available, potential investors should consider the risks that pertain to oil and gas development projects in general, as described more particularly above.

Dividends

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

Restrictions on transfers under US legislation

The Ordinary Shares and Warrants have not been registered in the United States under the Securities Act or under other applicable securities law and are subject to restrictions on transfer contained in such law. They may not be resold in the United States, except pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities law.

Resales of the Ordinary Shares or Warrants

The Ordinary Shares and Warrants constitute "restricted securities," as defined in Rule 144 under the Securities Act, and, accordingly, are not freely tradable in the United States. The Company does not intend to list the Ordinary Shares or Warrants on an established securities exchange, have them quoted on an automated inter-dealer quotation system or otherwise create a public market in the United States for resale of the Ordinary Shares or Warrants.

Warrants

As detailed in paragraphs 12.17 and 12.18 of Part VIII to this document, the Company has issued Warrants to certain of its existing professional advisers. The Company may, in the future, issue further options and/or warrants to subscribe for new Ordinary Shares to certain advisers, employees, Directors, senior management and/or consultants of the Group. The exercise of any such options and warrants would result in a dilution of the shareholdings of other investors.

It should be noted that the factors listed above are not intended to be exhaustive and do not necessarily comprise all of the risks to which the Group is or may be exposed or all those associated with an investment in the Company. In particular, the Company's performance is likely to be affected by changes in market and/or economic conditions, political, judicial, and administrative factors and in legal, accounting, regulatory and tax requirements in the areas in which it operates and holds its major assets. There may be additional risks and uncertainties that the Directors do not currently consider to be material or of which they are currently unaware which may also have an adverse effect upon the Group.

If any of the risks referred to in this Part III crystallise, the Group's business, financial condition, results or future operations could be materially adversely affected. In such case, the price of the Ordinary Shares could decline and investors may lose all or part of their investment.

PART IV

PLACING, OFFERS TO BONDHOLDERS, ADMISSION AND RELATED MATTERS

The Placing

Pursuant to the Placing, Mirabaud and Smith & Williamson have placed 61,000,000 Placing Shares with institutional and other investors at 65 pence per Ordinary Share to raise £39.7 million (equivalent to US$50 million).

Dealings in the Placing Shares on AIM are expected to commence on 3 February 2017. In the case of Placees requesting their Placing Shares in uncertificated form, it is expected that the appropriate CREST accounts will be credited with the Placing Shares comprising their Placing participation with effect from 3 February 2017. For those Placees who have requested their Placing Shares in certificated form it is expected that certificates in respect of such shares will be despatched by post not later than 17 February 2017. Pending despatch of definitive share certificates or crediting of CREST accounts, the Company's registrars will certify any instrument of transfer against the register.

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

Offers to Bondholders

Under the terms of the Bond Instrument, if the Ordinary Shares are admitted to trading on AIM (or any other recognised investment exchange), the Company is required at the time of Admission to make a Buyback Share Offer. The Bondholders are free to accept or reject such Buyback Share Offer. Consequently, on 16 November 2016 the Company made the Buyback Share Offer to all Bondholders (other than Bondholders located in the United States), conditional on Admission. Simultaneously, the Company also made the Cash Alternative Offer to all Bondholders, conditional on Admission.

Bondholders could elect to accept (i) in the case of Bondholders outside the United States, the Buyback Share Offer in respect of all of their Bonds or (ii) the Cash Alternative Offer in respect of all of their Bonds.

If a Bondholder did not accept either the Buyback Share Offer or the Cash Alternative Offer in respect of all of their Bonds, the Company will not be obliged to redeem any of his outstanding Bonds until the final redemption date provided for in the Bond Instrument, being 24 June 2020.

Acceptances received by the Company under the Buyback Share Offer and the Cash Alternative Offer were as follows:

	Number of Bonds (£)	Percentage of Bonds
Buyback Share Offer	198,000	1.86%
Cash Alternative Offer	10,345,244	97.14%
Outstanding Bonds	106,640	1.00%
	10,649,884	**100.00%**

As at the date of this document, Robert Post and Rusty Hutson Jr. each hold £216,000 of Bonds. Conditional on Admission, both Robert Post and Rusty Hutson have accepted the Cash Alternative Offer described above, in relation to all of their Bonds.

The Cash Alternative Offer will be funded from the proceeds of the Placing on Admission. As a result of the Buyback Share Offer, 380,769 Bond Conversion Shares shall be issued on Admission. Given the level of acceptances received under the Buyback Share Offer, the Company has waived the condition contained within the Buyback Share Offer, that any Bondholder accepting the Buyback Share Offer shall agree that they will only dispose of any interests in their Bond Conversion Shares, for a period of 18 months following Admission through Mirabaud, in order to maintain an orderly market in the Ordinary Shares.

Application has been made to the London Stock Exchange for the Bond Conversion Shares to be admitted to trading on AIM. It is expected that Admission shall become effective and that dealings shall commence on 3 February 2017.

Bondholders accepting the Buyback Share Offer or Cash Alternative Offer have been paid the interest payment due on the Bonds relating to the quarter ended 31 December 2016, however, no interest will be paid to Bondholders accepting either the Buyback Share Offer or the Cash Alternative Offer in respect of future periods following 1 January 2017.

For those Bondholders who accepted the Buyback Share Offer, share certificates will be sent by first class post at the risk of the Bondholder within 10 business days of Admission.

For those Bondholders who accepted the Cash Alternative Offer, cheques will be sent by first class post at the risk of the Bondholder, within 10 business days of Admission.

It is intended that the 106,640 outstanding Bonds will be withdrawn from the NEX Exchange upon Admission and no alternative arrangements for dealing or trading in the outstanding Bonds will be arranged by the Company.

CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument in accordance with the CREST Regulations. The Articles permit the holding of Ordinary Shares under the CREST system. All of the Ordinary Shares will be in registered form and no temporary documents of title will be issued.

The Company has applied for the Ordinary Shares to be admitted to CREST on the date of Admission and it is expected that the Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. It is expected that Admission will become effective and dealings in Ordinary Shares will commence on 3 February 2017. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

Admission, Settlement and Dealings

Application has been made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence on 3 February 2017. The Warrants will not be admitted to trading on AIM or any other exchange.

No temporary documents of title will be issued. All documents sent by or to a Shareholder who elects to hold Ordinary Shares in certificated form, or at his direction, will be sent through the post at the Shareholder's risk. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company.

Lock-in Agreements

The Board's aggregate interests in Ordinary Shares following Admission will amount to 44,260,481 Ordinary Shares representing approximately 41.9 per cent. of the Enlarged Share Capital.

Each of the Directors has agreed not to dispose of any interests in Ordinary Shares within a period of 18 months following Admission without the prior consent of Smith & Williamson and Mirabaud, save in certain limited circumstances.

Risk Factors

Certain risk factors in relation to the Group and its business are brought to your attention in Part III of this document.

Taxation

Information regarding United Kingdom taxation with regard to potential Shareholders is set out in Part VIII of this document. No taxation advice is being provided to Shareholders in this document. If you are in any doubt as to your tax position, you should consult your professional adviser immediately.

Further Information

Your attention is drawn to the additional information set out in Part VIII of this document.

PART V

(A) ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE GROUP

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The Directors
Diversified Gas & Oil PLC
27/28 Eastcastle Street
London W1W 8DH

The Directors
Smith & Williamson Corporate Finance Limited
25 Moorgate
London EC2R 6AY

30 January 2017

Dear Sirs,

Introduction

We report on the audited historical financial information of Diversified Gas & Oil PLC (the "Company") and its wholly owned subsidiaries for the three years ended 31 December 2015 (the "Group Financial Information"). The Group Financial Information has been prepared for inclusion in Part V(B) "*Historical Financial Information of the Group*" of the Company's AIM admission document dated 30 January 2017 (the "Admission Document"), on the basis of the accounting policies set out in note 5 to the Group Financial Information. This report is required by paragraph (a) of Schedule Two to the AIM Rules for Companies (the "AIM Rules") and is given for the purposes of complying with the AIM Rules and for no other purpose.

Responsibilities

The directors of the Company (the "Directors") are responsible for preparing the Group Financial Information on the basis of preparation set out in note 3 to the Group Financial Information and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

It is our responsibility to form an opinion on the Group Financial Information as to whether the Group Financial Information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person other than the addressees of this letter for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Paragraph (a) of Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards of Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Group Financial Information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial statements underlying the Group Financial Information and whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Group Financial Information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Group Financial Information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at 31 December 2015, 31 December 2014 and 31 December 2013 and of the results, cash flows and changes in equity for the years then ended in accordance with the basis of preparation set out in note 3 to the Group Financial Information, that the Group Financial Information has been prepared in accordance with IFRS and that it has been prepared in a form that is consistent with the accounting policies adopted by the Company.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Paragraph (a) of Schedule Two of the AIM Rules for Companies.

Yours faithfully,

Crowe Clark Whitehill LLP
Chartered Accountants

PART V

(B) HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Combined and consolidated statements of comprehensive income

The combined and consolidated statements of comprehensive income of the Group for each of the three years ended 31 December 2013, 2014 and 2015 are set out below:

	Note	Audited Year ended 31 December 2013 $'000	Audited Year ended 31 December 2014 $'000	Audited Year ended 31 December 2015 $'000
Revenue	6	5,169	7,358	6,304
Cost of sales	7	(2,751)	(3,559)	(4,251)
Depreciation, depletion and amortisation		(2,308)	(2,160)	(3,388)
Gross profit/(loss)		**110**	**1,639**	**(1,335)**
(Loss)/gain on derivative financial instruments		(115)	1,091	402
Gain on bargain purchase		-	914	6,582
Loss on disposal of property, plant and equipment		-	(7)	(2)
Administrative costs	7	(557)	(971)	(1,016)
Operating (loss)/profit		**(562)**	**2,666**	**4,631**
Finance income		1	-	-
Accretion of decommissioning provision		-	(170)	(366)
Finance costs		(2,266)	(2,734)	(3,177)
Finance costs, accrued		-	-	(925)
Potential initial public offering charges	9	-	-	(576)
Loss before taxation		**(2,827)**	**(238)**	**(413)**
Taxation	8	-	-	-
Loss after taxation		**(2,827)**	**(238)**	**(413)**
Other comprehensive income attributable to the equity holders of the parent				
Gain on foreign currency conversion		-	3	17
Total comprehensive (loss)/income for the year attributable to the equity holders of the parent		**(2,827)**	**(235)**	**(396)**
Loss per Ordinary Share				
Basic and diluted	10	$(0.07)	$(0.01)	$(0.01)

Combined and consolidated statements of financial position

The combined and consolidated statements of financial position of the Group at 31 December 2013, 2014 and 2015 are set out below:

ASSETS	Note	Audited As at 31 December 2013 $'000	Audited As at 31 December 2014 $'000	Audited As at 31 December 2015 $'000
Non-current assets				
Oil and gas properties	12	27,023	31,056	42,353
Property, plant and equipment	13	930	1,211	2,110
Restricted cash	15	90	90	115
		28,043	32,357	44,578
Current assets				
Trade receivables	16	1,033	1,151	1,759
Derivative financial instruments	17	-	876	17
Other current assets		17	22	43
Cash and cash equivalents		312	34	90
		1,362	2,083	1,909
TOTAL ASSETS		**29,405**	**34,440**	**46,487**
EQUITY AND LIABILITIES				
Equity				
Share capital	18	611	611	630
Merger reserve		(478)	(478)	(478)
Accumulated losses		(5,189)	(7,470)	(8,969)
Equity attributable to owners of the parent		**(5,056)**	**(7,337)**	**(8,817)**
Non-current liabilities				
Decommissioning provision	20	2,651	3,466	8,869
Capital lease	22	-	-	58
Derivative financial instruments	17	563	-	-
Borrowings	21	28,430	13,559	20,115
Other liabilities		150	302	277
		31,794	17,327	29,319
Current liabilities				
Trade and other payables	23	2,178	3,352	2,869
Borrowings	21	179	20,806	22,821
Capital lease	22	-	-	115
Other liabilities		310	292	180
		2,667	24,450	25,985
Total liabilities		**34,461**	**41,777**	**55,304**
TOTAL EQUITY AND LIABILITIES		**29,405**	**34,440**	**46,487**

Combined and consolidated statements of cash flows

The combined and consolidated statements of cash flow statements of the Group for each of the three years ended 31 December 2013, 2014 and 2015 are set out below:

Cash flows from operating activities	**Audited Year ended 31 December 2013 $'000**	**Audited Year ended 31 December 2014 $'000**	**Audited Year ended 31 December 2015 $'000**
Loss before income tax from operations	(2,827)	(235)	(396)
Adjustments to add/(deduct) non-cash items:			
Depreciation, depletion and amortisation	2,308	2,531	3,388
(Gain)/loss on derivative financial instruments	(237)	(1,440)	859
Accretion of decommissioning provision	-	169	366
Gain on sale of oil and gas properties	-	(529)	(344)
Gain on bargain purchase	-	-	(6,582)
Gain on sale of property, plant and equipment	68	7	2
Working capital adjustments:			
Change in trade receivables	649	288	(589)
Change in other current assets	8	(4)	(26)
Change in trade and other payables	(1,075)	874	(427)
Change in other liabilities	180	(123)	(182)
Change in provisions	196	-	-
Net cash (used in)/from operating activities	**(730)**	**1,538**	**(3,931)**
Cash flows from investing activities			
Expenditures on oil and gas properties	(88)	(159)	(2,513)
Expenditures on property, plant, and equipment	(34)	(256)	(1,216)
Increase in restricted cash	-	-	(25)
Proceeds on disposal of property, plant and equipment	250	2	-
Proceeds on disposal of oil and gas properties	-	610	105
Net cash from/(used in) investing activities	**128**	**197**	**(3,649)**
Cash flows from financing activities			
Proceeds from borrowings	1,385	2,540	10,090
Financing expense	(142)	(744)	(680)
Payments of borrowings	(647)	(348)	(844)
Proceeds from capital lease	-	-	192
Repayment of capital lease	-	-	(19)
Contributions from stockholders	1,370	54	1,296
Dividends to stockholders pre Group reconstruction	(1,127)	(3,515)	(2,399)
Net cash from/(used in) financing activities	**839**	**(2,013)**	**7,636**
Increase/(decrease) in cash	**237**	**(278)**	**56**
Cash and cash equivalents, beginning of period	75	312	34
Cash and cash equivalents, end of period	**312**	**34**	**90**

Combined and consolidated statements of changes in shareholders' equity

The combined and consolidated statements of changes in shareholders' equity of the Group for each of the three years ended 31 December 2013, 2014 and 2015 are set out below:

	Share capital	Merger reserve	Accumulated losses	Total
	$'000	**$'000**	**$'000**	**$'000**
Balance as at 1 January 2013	**611**	**(478)**	**(2,605)**	**(2,472)**
Loss for the year after taxation	-	-	(2,827)	(2,827)
Total comprehensive income for the year	-	-	*(2,827)*	*(2,827)*
Contributions from stockholders	-	-	1,370	1,370
Distributions to stockholders	-	-	(1,127)	(1,127)
Transactions with owners	-	-	*243*	*243*
Balance as at 31 December 2013	**611**	**(478)**	**(5,189)**	**(5,056)**
Loss for the year after taxation	-	-	(238)	(238)
Gain on foreign currency conversion	-	-	3	3
Total comprehensive income for the year	-	-	(235)	(235)
Contributions from stockholders	-	-	554	554
Distributions to stockholders	-	-	(2,600)	(2,600)
Transactions with owners	-	-	*(2,046)*	*(2,046)*
Balance as at 31 December 2014	**611**	**(478)**	**(7,470)**	**(7,337)**
Loss for the year after taxation	-	-	(413)	(413)
Gain on foreign currency conversion	-	-	17	17
Total comprehensive income for the year	-	-	*(396)*	*(396)*
Contributions from stockholders	-	-	1,296	1,296
Distributions to stockholders	-	-	(2,399)	(2,399)
Issuance of capital	19	-	-	19
Transactions with owners	*19*	-	*(1,103)*	*(1,084)*
Balance as at 31 December 2015	**630**	**(478)**	**(8,969)**	**(8,817)**

Notes to the Group Financial Information

1. Corporate information

The Company is an Appalachian focused natural gas and crude oil operations company with headquarters in Birmingham, Alabama, USA. The Company was incorporated on 31 July 2014 in England and Wales as a private limited company under company number 09156132. The Company's registered office is located at 27/28 Eastcastle Street, London, W1W 8DH. The principal activity of the Company is that of a holding company to the Group. The principal activity of the Group is that of conventional gas and oil production in Ohio and West Virginia, USA.

2. Business consolidation

Effective 1 June 2015, Robert R. Hutson, Jr and Robert M. Post collectively assigned their capital stock of membership interest in the following companies to Diversified Gas & Oil Corporation:

- Diversified Resources Inc.;
- M&R Investments, LLC;
- M&R Investments Ohio, LLC;
- Marshall Gas & Oil Corporation;
- R&K Oil and Gas Inc.;
- Fund 1 DR, LLC. and
- Diversified Oil & Gas LLC.

In exchange for the equity of the Group's subsidiary companies, Hutson Jr. and Post were issued 4,000 shares of common stock of par value $0.01 in Diversified Gas & Oil Corporation.

Effective 10 June 2015, Robert R. Hutson, Jr. and Robert M. Post collectively transferred their 4,000 shares of common stock in Diversified Gas & Oil Corporation to the Company. In exchange for their common stock of Diversified Gas & Oil Corporation, Hutson Jr. and Post were collectively issued 35,000,000 shares of common stock of par value £0.01 in the Company.

No impairment has been recognised in the Group Financial Information. On the stand-alone Company financial information, the carrying value at 31 December 2015 of investments held was $535,000 (approximately £350,000); however this balance is eliminated on consolidation.

3. Basis of preparation and change of accounting policy

a) Basis of preparation and measurement

The Group Financial Information has been prepared in accordance with IFRS, issued by the International Accounting Standards Board, including interpretations issued by the International Financial Reporting Interpretations Committee and the Companies Act 2006 applicable to companies reporting under IFRS. The Group Financial Information has been prepared under the historical cost convention, except for acquisitions and derivative financial instruments that have been measured at fair value through profit and loss.

As described in note 2 to the Group Financial Information, the transactions between the Company and the stockholders Hutson and Post which resulted in the formation of the Group did not become unconditional until 10 June 2015. The Directors consider the substance of the acquisition of the subsidiary undertakings set out in note 2 to the Group Financial Information to the Group Financial Information by the Company to have been a reverse asset acquisition by the subsidiary undertakings and that the substance of the subsidiary undertakings listed in note 2 to the Group Financial Information was that of a single business under common ownership and control. Further, the Directors consider that the Company did not meet the definition of a business set out in IFRS 3 "*Business combinations*". As a consequence, the Directors consider that the business combination which gave rise to the formation of the Group fell outside the scope of IFRS 3 and have applied the business reorganisation principles of UK GAAP to account for the combination. The Group Financial Information therefore presents the combination as a continuation of the combined financial information of the subsidiary undertakings with no goodwill arising on the transaction. The Group Financial Information is presented as if the Group structure has always been in place, including the activities from incorporation of the Group's subsidiary undertakings.

Unless otherwise stated, the Group Financial Information is presented in $, which is the currency of the primary economic environment in which the Group operates. All values are rounded to the nearest thousand $ except where otherwise stated.

The Group Financial Information has been prepared on the going concern basis, which assumes that the Group will be able to meet its liabilities as they fall due for the foreseeable future.

b) New standards and interpretations not yet adopted

There are no new IFRSs or IFRIC interpretations that are effective for the first time for the financial period. A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not yet been adopted by the EU. The Directors do not expect that the adoption of these standards will have a material impact on the financial statements of the Company in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments, IFRS 15 may have an impact on revenue recognition and related disclosures and IFRS 16 will have an impact on the recognition of operating leases. At this point the Directors have yet to conclude on their assessment to provide a reasonable estimate of the effect of these standards as their detailed review of these standards is still ongoing.

4. Significant accounting judgments, estimates and assumptions

The Directors have made the following judgments, apart from those involving estimates, which may have the most significant effect on the amounts recognised in the Group Financial Information:

a) Valuation of intangible oil and gas assets on acquisition

Proved reserves are estimated by reference to available geological and engineering data and only include volumes for which access to market is assured with reasonable certainty. Estimates of proved reserves are inherently imprecise, require the application of judgement and are subject to regular revision, either upward or downward, based on new information such as from the drilling of additional wells, observation of long-term reservoir performance under producing conditions and changes in economic factors, including product prices, contract terms or development plans. An assessment of the value of these proved reserves on acquisition is produced, taking into account the discounted cash flows of production to a present value. The Group uses a discount ranging between 10% and 30% for such acquisitions, depending on the market conditions at the time of the transaction as well any additional risk factors arising in relation to the particular transaction, in order to obtain a fair value estimate of oil and gas properties.

b) Impairment indicators for oil and gas properties

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the commodity price assumption may change, which may then impact the estimated life of the field and may then require a material adjustment to the carrying value of natural gas and crude oil property. The Group monitors internal and external indicators of impairment relating to its long-lived assets.

Following a review by the Directors of ongoing operational performance of the Group’s natural gas and crude oil properties for each of the periods ending 31 December 2013, 31 December 2014 and 31 December 2015, the Directors are of the opinion that no impairment indicators are apparent for these assets.

c) Reserve estimates

Reserves are estimates of the amount of natural gas and crude oil product that can be economically and legally extracted from the Group’s properties. In order to calculate the reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

Estimating the quantity and/or grade of reserves requires the size, shape and depth of fields to be determined by analysing geological data, such as drilling samples. This process may require complex and difficult geological judgments and calculations to interpret the data. The Directors have engaged third-party engineers who are considered experts and have extensive experience in oil and gas engineering, with focus in the Appalachian Basin of the US.

Given the economic assumptions used to estimate reserves change from year to year and, because additional geological data is generated during the course of operations, estimates of reserves may change from time to time.

Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including the following:

- asset carrying values may be affected by possible impairment due to adverse changes in estimated future cash flows; and
- depreciation, depletion and amortisation charged in the statement of comprehensive income may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change.

d) Decommissioning costs

These costs will be incurred by the Group at the end of the operating life of some of the Group's properties. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change, for example, in response to changes in reserves or changes in laws and regulations or their interpretation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

e) Income taxes

As a result of the share transfer after 31 December 2015, all subsidiaries will lose their pass-through tax status, will be subject to U.S. federal and state income tax and will begin filing a consolidated U.S. federal income tax return and separate company state tax returns. The Group's Subsidiaries have identified its federal tax return and its state tax returns in West Virginia, Ohio and Pennsylvania as "major" tax jurisdictions, as defined. As at each of 31 December 2013, 31 December 2014 and 31 December 2015, no deferred tax asset or liability existed. At this time, it is unknown the financial effect and tax rates of this change. As the Group is currently loss making, these changes are not expected to have a material impact when they take effect.

f) Functional and presentation currency

The individual financial information of the Company and the Group's subsidiaries is measured in the currency of the primary economic environment in which the entity operates (its functional currency). The financial information of the subsidiaries is presented in $, which is the presentation currency of the Company.

g) Going concern

The Directors have considered financial resources together with their projected financial information of the Company and the Group. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current downturn in global oil and gas prices. After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

5. Summary of significant accounting policies

The preparation of the Group Financial Information in compliance with IFRS requires the Directors to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Group Financial Information are disclosed in Notes 3 and 4 to the Group Financial Information.

a) Cash

Cash on the balance sheet comprises cash at banks. Balances held at banks, at times, exceed federally insured amounts. The Group has not experienced any losses in such accounts and the Directors believe the Group is not exposed to any significant credit risk on its cash.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

b) Trade receivables

Trade receivables are stated at the historical carrying amount, net of any provisions required. Trade receivables from joint interest owners are generally with other oil and natural gas companies that own a working interest in the properties operated by the Group. The Group has the ability to withhold future revenue payments to recover any non-payment of joint interest trade receivables.

Trade receivables are due from customers throughout the oil and natural gas industry. Although diversified among many companies, collectability is dependent on the financial condition of each individual company as well as the general economic conditions of the industry. The Directors review the financial condition of customers prior to extending credit and generally do not require collateral in support of the Group's trade receivables. Any changes in the Directors' provision for un-collectability of trade receivables during the period is recognised in the statement of comprehensive income.

c) Derivative financial instruments

Derivatives are used as part of the Directors' overall strategy to mitigate risk associated with the unpredictability of cash flows due to volatility in commodity prices and interest rates. Further details of the Group's exposure to these risks are detailed in note 17 to the Group Financial Information. The Group has entered into two types of contracts which are considered derivatives:

- financial instruments such as swaps and collars which result in net cash settlement each month and do not result in physical deliveries; and
- non-financial instruments considered normal purchases and normal sales, with physical delivery or receipt of commodities in the ordinary course of business.

The derivative contracts are initially recognised at fair value at the date that the contract is entered into and re-measured to fair value every balance sheet date. The resulting gain or loss is recognised in the statement of comprehensive income in period incurred.

d) Restricted cash

Cash held for bonding purposes is classified as restricted cash and recorded within non-current assets.

e) Pre-license costs

Pre-license costs are expensed in the period in which they are incurred.

f) Exploration and evaluation costs

The Group follows IFRS 6 in accounting for oil and gas assets. Costs incurred prior to obtaining the legal rights to explore an area are expensed immediately to the statement of comprehensive income. Only material expenditure incurred after the acquisition of a license interest is capitalised. Historically, the expenditure has not been deemed material, as the Group drills in active areas where there are minimal and immaterial exploration and evaluation costs and therefore the cost has been expensed.

g) Development costs

Expenditure on the construction, installation or completion of infrastructure facilities, such as platforms and pipelines, and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within oil and gas properties.

h) Oil and gas properties and property and equipment

Oil and gas properties and property and equipment are stated at cost, less accumulated depletion/depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation, for qualifying assets, and borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included within property and equipment.

i) Depreciation and depletion

Oil and gas properties are depleted on a unit-of-production basis over the proved reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. Rights and concessions are depleted on the unit-of-production basis over the total proven reserves of the relevant area. The unit-of-production rate for the depreciation of field development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure. Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Directors.

Property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives:

Drilling costs and equipment	7 - 15 years
Buildings and leasehold improvements	10 - 39 years
Motor vehicles	5 - 7 years
Other property and equipment	3 - 5 years

Property and equipment held under finance leases are depreciated over the shorter of lease term and estimated useful life.

j) Development and production asset swaps

Exchanges of development and production assets are measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. The cost of the acquired asset is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. Where fair value is not used, the cost of the acquired asset is measured at the carrying amount of the amount given up. Any gain or loss on de-recognition of the asset given up is recognised in profit or loss.

k) Major maintenance and repairs

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced, and it is probable that future economic benefits associated with the item will flow to the Group, the expenditure is capitalised. Where part of the asset was not separately considered as a component, the replacement value is used to estimate the carrying amount of the replaced assets which is immediately written off. Inspection costs associated with major maintenance programs are capitalised and amortised over the period to the next inspection. All other maintenance costs are expensed as incurred.

l) Impairment of non-financial assets

The Directors assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Directors estimate the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Directors base impairment calculations on detailed budgets and projections calculations which are prepared separately for each of the Group’s cash-generating units to which the individual assets are allocated. These budgets and projections calculations are generally covering a period of five years.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

m) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

n) Provisions for decommission

A decommissioning liability is recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related property and equipment. The amount recognised is the estimated cost of decommissioning, discounted to its present value. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the decommissioning provision is included as accretion of decommissioning provision.

o) Income taxes

During the year ended 31 December 2015, Diversified Gas and Oil Corp was a C-corporation which had no income tax activity. M&R Investments, LLC, M&R Investments Ohio, LLC, Fund 1 DR, LLC were single-member limited liability companies, Diversified Oil & Gas, LLC was a limited liability company, whilst Diversified Resources, Inc., Marshall Gas & Oil Corporation and R&K Oil and Gas, Inc. were S-corporations which were formed under state statutes and taxed for federal and state purposes as a partnership. Therefore, each subsidiary reported their proportionate share of the Group's taxable income or loss on their respective income tax return.

The provision for income taxes relates to state income taxes, for those states that do not recognise the pass-through of income to individual members. Due to its pass-through status (or tax-exempt status), Diversified Gas and Oil Corp. is not subject to U.S. federal income tax. The Group has identified its federal tax return and its state tax returns in West Virginia, Ohio, and Pennsylvania as "major" tax jurisdictions, as defined.

As a result of the transaction between the Company and stockholders Hutson Jr. and Post, after 31 December 2015, all of the Group's subsidiaries will lose their pass-through tax status, will be subject to U.S. federal and state income tax, and will begin filing a consolidated U.S. federal income tax return and separate company state tax returns.

The Company is taxed as a public limited company in England and Wales.

p) Revenue recognition

Natural gas and crude oil

Revenue from sale of oil and petroleum products is recognised when the significant risks and rewards of ownership have been transferred, which is when title passes to the customer. This generally occurs when product is physically transferred into a vessel, pipe or other delivery mechanism.

Revenue from the production of oil in which the Group has an interest with other producers is recognised based on the Group's working interest and the terms of the relevant production sharing contracts. Differences between production sold and the Group's share of production are not significant.

Oil and gas program revenue

Revenue from the operation of third party wells is recognised as earned in the month work is performed and in line with the Group's contractual obligations.

Water disposal revenue

Revenue from the third party's disposal of water into the Group's disposal well is recognised as earned in the month water was physically disposed.

Operator revenue

Revenue from sale of working interest ownership in the Group's operated wells is recognised as earned in the month the ownership transfers to or from the third party working interest investor.

Revenue is stated after deducting sales taxes, production taxes, excise duties and similar levies.

q) Borrowing costs

Borrowing costs directly relating to the acquisition, construction or production of a qualifying capital project under construction are capitalised and added to the project cost during construction, until such time the assets are substantially ready for their intended use, i.e., when they are capable of commercial production. Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available from short-term borrowings, and where such borrowings are directly applied to finance a project, the income generated from such short-term investments is also capitalised and reduces the total capitalised borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period. All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

r) Segmental reporting

The Group operates as one reportable segment, that of the production of natural gas and crude oil in the Appalachian Basin in the US. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

6. Revenue

	Year ended 31 December 2013 $'000	Year ended 31 December 2014 $'000	Year ended 31 December 2015 $'000
Natural gas and crude oil revenue	4,259	5,860	4,738
Operator revenue	954	969	825
Oil and gas program revenue	(44)	529	344
Water disposal revenue	5,169	-	397
Total revenue	**5,213**	**7,358**	**6,304**

The Group extracts and sells natural gas and crude oil to various customers. The Group also operates oil and natural gas wells for customers. A significant portion of the Group's trade receivables represent receivables related to either sales of oil and natural gas or operational services. The Group has the right to offset future revenue due to customers against unpaid charges related to operation of above mentioned wells. Oil and natural gas trade receivables are generally uncollateralised. The provision for un-collectability of trade receivables was $515 as at 31 December 2015 (2014: $26,000, 2013: $13,000). No other debts were past due or impaired as at each of these dates.

During the year ended 31 December 2015, two customers accounted for 23% and 17% of total revenues (2014: three customers, 26%, 20% and 13%, 2013: three customers, 39%, 21% and 13%). All revenues were generated in the US.

7. Expenses by nature

	Year ended 31 December 2013 $'000	Year ended 31 December 2014 $'000	Year ended 31 December 2015 $'000
Automobile	292	316	389
Employees and benefits	1,148	1,305	2,047
Insurance	124	135	240
Well operating expenses	1,187	1,803	1,575
Total cost of sales	**2,751**	**3,559**	**4,251**
Acquisition costs	-	-	293
Charitable contributions	3	5	-
Employees and benefits	172	169	169
Other administrative	90	143	124
Professional fees	104	341	205
Auditor's remuneration	53	40	69
Other fees paid to auditors	30	151	9
Rent	64	79	81
Travel	28	17	65
Uncollectible accounts	13	26	1
Total administrative expenses	**557**	**971**	**1,016**
Total expenses	**3,308**	**4,530**	**5,267**

Staff costs

	Year ended 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2015
The average monthly number of employees was	31	32	39
Aggregate remuneration (including Directors):	**$000**	**$'000**	**$'000**
Wages and salaries	993	1,120	1,723
Payroll taxes	97	103	150

8. Taxation

	Year ended 31 December 2013 $'000	Year ended 31 December 2014 $'000	Year ended 31 December 2015 $'000
Corporate tax	-	-	-
Current tax on losses for the year	-	-	-
Total current tax	**-**	**-**	**-**
Tax on loss on ordinary activities	**-**	**-**	**-**

For the year ended 31 December 2015, taxes would only be assessed in the US on Diversified Gas & Oil Corporation at a rate of 35% (2014: 35%, 2013: 35%) and in the UK on the Company at a rate of 20.3% (2014: 20.3%, 2013: N/A). The factors affecting the tax charges for the years are as follows:

	Year ended 31 December 2013 $'000	Year ended 31 December 2014 $'000	Year ended 31 December 2015 $'000
Loss on ordinary activities before tax	(2,827)	(238)	(413)
Loss on ordinary activities multiplied by hybrid standard rate of corporation tax (2013: 35%, 2014: 27.6%, 2015: 27.6%)	(989)	(66)	(114)
Effects of tax losses carried forward	989	66	114
Total tax charge for the year	**-**	**-**	**-**

9. Potential initial public offering charges

Beginning in the year ended 31 December 2014, the Group paid professional fees to legal counsel, accountants, and financial advisers, totalling $576,000.

During the year ended 31 December 2015, the Group secured debt financing through a bond issue quoted on the NEX Exchange Growth Market. Associated bond issue costs were expensed and included as other expenses.

10. Loss per Ordinary Share

The calculation for loss per Ordinary Share (basic and diluted) for the relevant period is based on the loss after income tax attributable to equity holders for the period from incorporation to 31 December 2013, 31 December 2014 and 31 December 2015 as follows:

	Year ended 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2015
Loss attributable to equity holders	$(2,827,000)	$(235,000)	$(396,000)
Weighted average number of Ordinary Shares	40,000,000	40,000,000	40,100,000
Earnings per Ordinary Share	$(0.07)	$(0.01)	$(0.01)

The 31 December 2013 and 31 December 2014 calculations use the pro forma number of Ordinary Shares, both basic and diluted, to reflect the number of Ordinary Shares following the stock reorganisation transaction which occurred in the year ended 31 December 2015 (see Note 2 to the Group Financial Information).

The diluted loss per Ordinary Share is calculated by adjusting the weighted average number of Ordinary Shares outstanding to assume conversion there were no potential dilutive Ordinary Shares in issue. The effect of potential dilutive Ordinary Shares would be anti-dilutive and therefore are not included in the above calculation of diluted earnings per Ordinary Share.

11. Adjusted EBITDA

Adjusted EBITDA is a non-IFRS financial measure, which is of particular interest to the industry and the Directors, as it is essentially the cash generated from current year income the Group has free for interest payments and capital investment. Adjusted EBITDA should not be considered as an alternative to operating profit/(loss), comprehensive income, cash flow from operating activities or any other financial performance or liquidity measure presented in accordance with IFRS. Adjusted EBITDA is a non-IFRS financial measure that is defined as comprehensive income/(loss) plus or minus:

- finance costs, including accrued finance costs and deferred financing costs;
- depreciation, depletion amortization and accretion;
- gain on bargain purchase;
- net gains or losses on the valuation of commodity derivative contracts;
- net gains or losses on foreign currency translation;

- net gains or losses on disposal of property and equipment;
- acquisition costs; and
- potential initial public offering financing costs.

	Year ended 31 December 2013 $'000	Year ended 31 December 2014 $'000	Year ended 31 December 2015 $'000
Operating (loss)/profit	(562)	2,666	4,631
Gain on bargain purchase	-	(914)	(6,582)
Loss on disposal of property and equipment	-	7	2
Fair value movement on open derivatives	(8)	(582)	859
Depreciation, depletion and amortisation	2,308	2,160	3,388
Acquisition costs	-	-	293
Adjusted EBITDA	**1,738**	**3,337**	**2,591**

12. Oil and gas properties

Cost	**$'000**
As at 1 January 2013	36,090
Additions	938
Disposals	(294)
As at 31 December 2013	**36,734**
Additions	5,946
Disposals	(153)
As at 31 December 2014	**42,527**
Additions	14,472
Disposals	(340)
As at 31 December 2015	**56,659**
Depletion and impairment	
As at 1 January 2013	(8,035)
Charge for the year	(1,676)
As at 31 December 2013	**(9,711)**
Charge for the year	(1,846)
Disposals	86
As at 31 December 2014	**(11,471)**
Charge for the year	(3,079)
Disposals	244
As at 31 December 2015	**(14,306)**
Net book value	
As at 31 December 2013	**27,023**
As at 31 December 2014	**31,056**
As at 31 December 2015	**42,353**

Producing property depletion, drilling cost depreciation and the amortisation of intangible drilling costs have been charged to depreciation for the year ended 31 December 2015 in the amount of $3,079,000 (2014: $1,846,000, 2013: $1,676,000).

As at each of 31 December 2013, 31 December 2014 and 31 December 2015, the net book value of oil and gas properties includes immaterial amounts of development assets under construction which are not being depleted.

13. Property, plant and equipment

Cost	Land, buildings and leasehold improvements $'000	Aircraft and automobiles $'000	Other property and equipment $'000	Total $'000
As at 1 January 2013	381	1,670	690	2,741
Additions	17	113	7	137
Disposals	(14)	(1,065)	-	(1,079)
As at 31 December 2013	**384**	**718**	**697**	**1,799**
Additions	-	240	276	516
Disposals	-	-	(9)	(9)
As at 31 December 2014	**384**	**958**	**964**	**2,306**
Additions	428	347	441	1,216
Disposals	-	(10)	(7)	(17)
As at 31 December 2015	**812**	**1,295**	**1,398**	**3,505**
Depreciation				
As at 1 January 2013	(20)	(951)	(432)	(1,403)
Charge for the year	(3)	(144)	(65)	(212)
Disposals	-	746	-	746
As at 31 December 2013	**(23)**	**(349)**	**(497)**	**(869)**
Charge for the year	(6)	(140)	(80)	(226)
Disposals	-	-	-	-
As at 31 December 2014	**(29)**	**(489)**	**(577)**	**(1,095)**
Charge for the year	(10)	(170)	(129)	(309)
Disposals	-	8	1	9
As at 31 December 2015	**(39)**	**(651)**	**(705)**	**(1,395)**
Net book value				
As at 31 December 2013	**361**	**369**	**200**	**930**
As at 31 December 2014	**355**	**469**	**387**	**1,211**
As at 31 December 2015	**773**	**644**	**693**	**2,110**

14. Business acquisitions

Fund 1 DR, LLC

In September 2014, the Group completed the business combination to purchase the issued share capital of Fund 1 DR, LLC. The purchase consideration comprised cash of $4,300,000. The Directors considered the fair market value of the assets acquired to be $5,214,000. As a result, the Group recorded a bargain purchase adjustment of $914,000. The acquisition has been accounted for as a business acquisition under IFRS 3. The estimated fair values of the assets and liabilities assumed were as follows:

	$'000
Cash and cash equivalents	23
Oil and gas properties	5,781
Property and equipment	261
Trade and other payables	(210)
Decommissioning provision	(641)
Gain on bargain purchase	(914)
Purchase price	**4,300**

Between the date of acquisition and 31 December 2015, the assets acquired contributed $2,310,000 to the Group's revenues.

Broadstreet Energy

In July 2015, the Group acquired 732 conventional natural gas and oil wells in Ohio from Broadstreet Energy. The purchase consideration totalling $2,600,000, comprised of cash of $600,000 and a short-term note payable of $2,000,000. The Directors considered the fair value of the reserves held in the assets acquired to be $3,252,571, which was the 10% cumulative cash flow discount reserve valuation derived from a third-party engineer at the time of purchase. The acquisition has been accounted for as a business acquisition under IFRS 3. The estimated fair values of the assets and liabilities assumed were as follows:

	$'000
Oil and gas properties	3,253
Gain on bargain purchase	(653)
Purchase price	2,600

Between the date of acquisition and 31 December 2015, the assets acquired contributed $749,000 to the Group's revenues.

Texas Keystone, Inc.

In November 2015, the Group acquired 1,709 conventional natural gas and oil wells and 2 buildings in Pennsylvania and West Virginia, equipment and automobiles from Texas Keystone, Inc.. The purchase consideration comprised of a short-term payable of $725,000. The Directors considered the value of the reserves held in the assets acquired was $5,727,546 which was the 30% cumulative cash flow discount reserve valuation derived from a third-party engineer at the time of purchase. The estimated fair values of the assets and liabilities assumed were as follows:

	$'000
Oil and gas properties	5,728
Buildings	428
Equipment	380
Automobiles	282
Capital lease obligation	(164)
Gain on bargain purchase	(5,929)
Purchase price	**725**

Between the date of acquisition and 31 December 2015, the assets acquired contributed $1,124,000 to the Group's revenues.

The assets acquired in both acquisitions included the necessary permits, rights to production, royalties, contracts and agreements that support the production from the wells.

15. Restricted cash

Restricted cash is cash held on deposit and restricted in use by the state governmental agencies to be utilised and drawn upon by those state agencies if the operator should abandon any wells. These deposit requirements are different by state.

	As at 31 December 2013 $'000	**As at 31 December 2014 $'000**	**As at 31 December 2015 $'000**
Restricted cash	90	90	115

16. Trade receivables

	Audited As at 31 December 2013 $'000	Audited As at 31 December 2014 $'000	Audited As at 31 December 2015 $'000
Trade receivables	1,033	1,151	1,759
Not due	1,033	1,151	1,759
Past due less than 30 days	-	-	-
Past due 31 to 120 days	-	-	-
Past due more than 120 days	-	-	-
	1,033	1,151	1,759
Trade receivables past due but not impaired	-	-	-

17. Derivative financial instruments

a) Natural gas put option agreements

On 18 January 2012, the Group entered into a put option with a counterparty to sell approximately 912,500 mmbtus of natural gas for the period 1 January 2014 to 31 December 2014. The counterparty agreed to pay the Group a strike price of $5.00 per mmbtu.

On 20 December 2013, the Group entered into a put option with a counterparty to sell approximately 730,000 mmbtus of natural gas during the period 1 January 2015 to 31 December 2015. The counterparty agreed to pay the Group a strike price of $4.46 per mmbtu.

On 9 December 2014, the Group entered into a call option with a counterparty to sell approximately 72,000 mmbtus of natural gas during the period 29 December 2014 to 27 August 2015. The counterparty paid the Group a strike price of $3.00 per mmbtu.

On 15 January 2015, the Group entered into a call option with a counterparty to sell approximately 501,000 mmbtus of natural gas during the period 1 February 2015 to 31 December 2015. The counterparty paid the Group a strike price of $3.13 per mmbtu.

On 15 December 2015, the Group entered into a call option with a counterparty to sell approximately 364,000 mmbtus of natural gas during the period 1 January 2016 to 30 June 2016 at a strike price of $2.39 per mmbtu to be paid by the counterparty. The calculated fair value of this derivative agreement was $(88,279) at 31 December 2015.

The effects of the natural gas put option agreements are recorded in the statement of comprehensive income.

b) Natural gas swap agreements

On 1 June 2012, the Group entered into a natural gas swap agreement to exchange 1,065,000 mmbtus of natural gas during the period 1 June 2012 to 31 July 2013 at a fixed price of $3.41 per mmbtu, to be paid by the counterparty.

The Group executed a second agreement on 1 June 2012 to exchange 382,500 mmbtus of natural gas during the period 1 August 2013 to 31 December 2013 at a fixed price of $3.64 per mmbtu, to be paid by the counterparty.

The Group agreed to the final settlement variable price per New York Mercantile Exchange for both contracts.

On 20 January 2015, the Group entered into a natural gas basis swap agreement to exchange 835,000 mmbtus of natural gas during the period 1 February 2015 to 31 December 2015 at a fixed price of $1.22 per mmbtu, paid by the counterparty and the Dominion Transmission Appalachian monthly settlement price to be paid by the Group.

The effects of the natural gas swap agreement were recorded in the statement of comprehensive income.

c) Oil put option agreements

On 10 December 2014, the Group entered into an oil put option agreement to exchange 5,400 barrels of WTI Crude Oil during the period of 2 January 2015 to 30 September 2015 at a fixed price of $55.00 per barrel paid by the counterparty. The Group also executed an oil call agreement on 10 December 2014 to exchange 5,400 barrel of WTI Crude Oil during the period of 2 January 2015 to 30 September 2015 at a fixed price of $70.75 per barrel paid by the counterparty. The Group agreed to the variable price per barrel equal to the arithmetic average of the daily settlement prices for the WTI first traded contract month on the New York Mercantile Exchange.

Effects of the oil put/call option agreements are recorded in the statement of comprehensive income.

d) Oil swap agreements

On 1 December 2011, the Group entered into an oil swap agreement to exchange 65,600 barrels of WTI Crude Oil during the period 31 December 2011 to 31 December 2014 at a fixed price of $88.45 per barrel, to be paid by the counterparty.

On 18 February 2014, the Group entered into an oil swap agreement to exchange 6,000 barrels of WTI Crude Oil during the period of 1 January 2015 to 31 March 2015 at a fixed price of $91.70 per barrel paid by the counterparty.

On 20 February 2014, the Group entered into an oil swap agreement to exchange 6,000 barrels of WTI Crude Oil during the period of 1 April 2015 to 30 June 2015 at a fixed price of $89.60 per barrel paid by the counterparty.

On 22 May 2014, the Group entered into an oil swap agreement to exchange 6,000 barrels of WTI Crude Oil during the period of 1 July 2015 to 30 September 2015 at a fixed price of $91.40 per barrel paid by the counterparty.

On 22 May 2014, the Group entered into an oil swap agreement to exchange 6,000 barrels of WTI Crude Oil during the period of 1 October 2015 to 31 December 2015 at a fixed price of $90.07 per barrel paid by the counterparty. The calculated fair value of this derivative agreement was $105,486 at 31 December 2015.

The Group agreed to the variable price per barrel equal to the arithmetic average of the daily settlement prices for the WTI first traded contract month on the New York Mercantile Exchange. Effects of the oil swap agreements were recorded in the statement of comprehensive income.

e) Interest rate swap agreement

On 14 March 2012, the Group entered into an interest rate swap agreement to effectively convert its floating rate borrowings to an approximate fixed rate, thus reducing the impact of interest rate changes on future income. The agreement involved the payment of fixed rate amounts in exchange for floating rate interest receipts over the life of the agreement, without an exchange of the underlying principal amount. The differential to be paid or received was accrued as interest rates changed and recognised as an adjustment to the interest expense related to the borrowing. The nominal amount for this interest rate swap agreement as at 31 December 2015 was $nil, as it matured on 15 August 2014 (2014: $nil, 2013: $20,195,000).

The effects of the interest rate swap agreement were recorded as an offset to finance costs on the combined statement of comprehensive income.

The following table summarises the Group's calculated fair value of derivative agreements:

	As at 31 December 2013 $'000	**As at 31 December 2014 $'000**	**As at 31 December 2015 $'000**
Natural gas put option agreements	(256)	(4)	(88)
Oil put agreements	-	19	105
Oil swap agreements	(154)	861	-
Interest rate swap agreement	(153)	-	-
	(563)	**876**	**17**

18. Share capital

	Number of Ordinary Shares	Share capital $'000
Balance as at 1 January 2013	40,000,000	611
Balance as at 31 January 2013	**40,000,000**	**611**
Balance as at 31 December 2014	**40,000,000**	**611**
Issuance – Martin Thomas	1,200,000	19
Balance as at 31 December 2015	**41,200,000**	**630**

On incorporation, 5,000,000 Ordinary Shares of £0.01 par value were issued for cash.

On 10 June 2015, 35,000,000 Ordinary Shares of £0.01 par value were issued to Hutson Jr. and Post for consideration of the shares held by them in Diversified Gas and Oil Corporation.

On 2 December 2015, the Company issued 1,200,000 Ordinary Shares of par value £0.01 to Martin Thomas for cash.

19. Stockholder contributions and distributions

Stockholder contributions	Year ended 31 December 2013 $'000	Year ended 31 December 2014 $'000	Year ended 31 December 2015 $'000
Robert Hutson Jr. and Robert Post	1,370	554	1,296
Stockholder distributions			
Robert Hutson Jr. and Robert Post	1,079	851	2,399
M&R Investments Ohio, LLC member	48	608	-
Related party receivable write off to equity	-	1,141	-
	1,127	2,600	2,399

Stockholder contributions are injections of working capital provided by stockholders. These contributions have no conditions and are distributable, therefore they have been recognised directly to the retained profits reserve.

Brian Cooper owned 6% of M&R Investments Ohio, LLC and was bought out during the year ended 31 December 2014.

As a part of the conversion from a tax basis of accounting to an IFRS basis of accounting, the Directors of the Group chose to write off an accumulation of unreconciled related party balances as a distribution to stockholders during the year ended 31 December 2014. The balances had accumulated since inception and the stockholders had no repayment terms.

20. Decommissioning provision

The Group makes full provision for the future cost of decommissioning oil production facilities and pipelines on a discounted basis.

The decommissioning provision represents the present value of decommissioning costs relating to oil and gas properties, which are expected to be incurred up to 2036, which is when the producing oil and gas properties are expected to cease operations. These provisions have been created based on the Directors' internal estimates. Assumptions based on the current economic environment have been made, which the Directors believe are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain.

The discount rate used in the calculation of the decommissioning provision as at each of 31 December 2013, 31 December 2014 and 31 December 2015 was 8.0%.

The cost inflation rate used in the calculation of the decommissioning provision as at each of 31 December 2013, 31 December 2014 and 31 December 2015 was 3.0%.

	$'000
Provision as at 1 January 2013	2,450
Additions	5
Accretion	196
Provision as at 1 December 2013	**2,651**
Additions	645
Accretion	170
Provision as at 1 December 2014	**3,466**
Additions	5,377
Accretion	366
Disposal	(340)
Provision as at 1 December 2015	**8,869**

21. Borrowings

Borrowings payable as at each of 31 December 2013, 2014 and 2015 consist of the following:

	As at 31 December 2013 $'000	**As at 31 December 2014 $'000**	**As at 31 December 2015 $'000**
Financing companies and institution, with interest rates ranging from 4.19% to 9.39%, maturing March 2015 through to October 2019, secured by automobiles	385	359	305
Financial institution, with interest rate of 3.25%, maturing December 2016, secured by oil and gas assets	16,218	16,218	16,218
Note payable – unsecured revolving line of credit of up to $50,000, with a rate of 10.25%, with an annual renewal term	11	46	33
Note payable, Mezzanine lender, with interest rate of 12%, maturing 31 January 2018, secured by a mezzanine lien on oil and gas assets	13,393	14,771	14,771
Financial institution, with interest rates ranging from 5%-6.90%, maturing July 2017 through to December 2020, secured by buildings	42	137	113
Note payable – financial institution, with interest rate of 4%, maturing August 2016, secured by oil and gas properties	-	3,800	3,285
Note payable - individual, with interest of 6.0%, maturing March 2016, unsecured	-	500	420
Notes payable - individuals, with interest of 8.0%, maturing September 2017, unsecured	-	143	116
Note payable – unsecured revolving line of credit of up to $125,000, with a rate of Wall Street Journal Prime Rate plus 2% rounded to the nearest 0.125%, having a floor of 6% and a ceiling of 18%, with an annual renewal term	-	104	17
Note payable - business institution, no interest rate, matured, remaining balance owed on building properties acquired, unsecured	-	-	725
Note payable – financial institution, with interest rate of Wall Street Journal Prime Rate plus 0.50%, maturing June 2016, secured by oil and gas properties	-	-	2,000
Bonds payable - individuals and institutional investors, with interest of 8.5%, maturing June 2020, unsecured	-	-	6,375
Total borrowings	**30,049**	**36,078**	**44,378**

Future maturities of the long-term notes payable as at each of 31 December 2013, 31 December 2014 and 31 December 2015 are as follows:

	As at 31 December 2013 $'000	As at 31 December 2014 $'000	As at 31 December 2015 $'000
Not later than one year	179	20,806	22,821
Later than one year and not later than five years	29,833	15,272	21,557
Later than five years	37	-	-
	30,049	**36,078**	**44,378**

Borrowings payable as at each of 31 December 2013, 31 December 2014 and 31 December 2015 consist of the following:

	As at 31 December 2013 $'000	As at 31 December 2014 $'000	As at 31 December 2015 $'000
Total borrowings	30,049	36,078	44,378
Less current portion of long-term debt	(179)	(20,806)	(22,821)
Less deferred financing costs	(1,440)	(1,713)	(2,367)
Plus accrued finance costs	-	-	925
Long-term borrowings	**28,430**	**13,559**	**20,115**

Deferred financing costs as at each of 31 December 2013, 31 December 2014 and 31 December 2015 consist of the following:

	As at 31 December 2013 $'000	As at 31 December 2014 $'000	As at 31 December 2015 $'000
Brought forward	979	1,440	1,713
Additions	881	738	1,439
Charge	(420)	(465)	(402)
Potential initial public offering cost expensed (Note 9)	-	-	(392)
Foreign currency translation adjustment	-	-	9
Deferred financing costs	**1,440**	**1,713**	**2,367**

During year ended 31 December 2015, the financial institution with a mezzanine lien on oil and gas assets accepted reduced interest payments and accrued the difference between 12% and the amount paid as an additional payment at maturity. The accrued finance cost totalled $925,000 as at 31 December 2015. Subsequent to year end, such balance was settled (see Note 28 to the Group Financial Information).

22. Leases

The Group leased automobiles, equipment and real estate under both operating and capital leases as at 31 December 2013, 31 December 2014 and 31 December 2015. A summary of this activity is as follows:

a) Capital leases

The Group entered into finance lease agreements for certain equipment and vehicles following an acquisition made during the year ended 31 December 2015. The aggregate net book value of the assets financed with these leases as at 31 December 2015 was $254,162 (2014: $nil, 2013: $nil). The interest rate is 5.16%, maturing May 2016 through to March 2018.

Future minimum lease payments associated with capital leases as at 31 December 2013, 31 December 2014 and 31 December 2015 were as follows:

	As at 31 December 2013 $'000	As at 31 December 2014 $'000	As at 31 December 2015 $'000
Not later than one year	-	-	115
Later than one year and not later than five years	-	-	58
Later than five years	-	-	-
Total minimum lease payments	-	-	173
Less amount representing interest	-	-	(15)
Present value of minimum lease payments	-	-	158
Less current portion of obligations under capital leases	-	-	(100)
Long-term obligations under capital leases	**-**	**-**	**58**

b) Operating leases

The Group leases both equipment and real estate under leases classified as operating, under multi-year agreements. During the year ended 31 December 2015, total expense under operating leases was $85,000 (2014: $82,000, 2013: $58,000).

Future minimum lease payments associated with operating leases with original terms of greater than one year at each period end were as follows:

	As at 31 December 2013 $'000	As at 31 December 2014 $'000	As at 31 December 2015 $'000
Not later than one year	2	84	91
Later than one year and not later than five years	-	84	24
Later than five years	-	-	-
Total future minimum lease payments	**2**	**168**	**115**

23. Trade and other payables

	As at 31 December 2013 $'000	As at 31 December 2014 $'000	As at 31 December 2015 $'000
Trade payables	1,509	2,498	2,068
Other payables and accruals	669	854	801
	2,178	**3,352**	**2,869**

24. Fair value

The fair value of an asset or liability is the price that would be received to sell that asset or paid to transfer that liability in an orderly transaction occurring in the principal marked (or most advantageous market in the absence of a principal market) for such asset or liability. In estimating fair value, the Directors utilise valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Such valuation techniques are consistently applied. Inputs to valuation techniques include the assumptions that market participants would use in pricing an asset or liability. IFRS 13 "Fair Value Measurement" establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is defined as follows:

Level 1: Inputs are unadjusted, quoted prices in active markets for identical assets at the measurement date.

Level 2: Inputs (other than quoted prices included in Level 1) can include the following:

(a) observable prices in active markets for similar assets;

(b) prices for identical assets in markets that are not active;

(c) directly observable market inputs for substantially the full term of the asset; and

(d) market inputs that are not directly observable but are derived from or corroborated by observable market data.

Level 3: Unobservable inputs which reflect the Director's Best Estimates of what market participants would use in pricing the asset at the measurement date.

The Group entered into an interest rate swap to manage interest rate volatility associated with variable interest rates applied to interest-bearing loans.

The Group does not hold derivatives for speculative or trading purposes and the contracts do not contain any credit-risk related contingent features. The Directors have not elected to apply hedge accounting to derivative contracts.

Netting the fair values of derivative assets and liabilities for financial reporting purposes is permitted if such assets and liabilities are with the same counterparty and a legal right of set-off exists, subject to a master netting arrangement. The Directors have elected to present derivative assets and liabilities net when these conditions are met. When derivative assets and liabilities are presented net, the fair value of the right to reclaim collateral assets (receivable) or the obligation to return cash collateral (payable) is also offset against the net fair value of the corresponding derivative. As at each of 31 December 2013, 31 December 2014 and 31 December 2015, there were no collateral assets or liabilities associated with derivative assets and liabilities.

Derivatives expose the Group to counterparty credit risk. The derivative contracts have been executed under master netting arrangements which allow the Group, in the event of default by its counterparties, to elect early termination. The Directors monitor the creditworthiness of the Group's counterparties but are not able to predict sudden changes and hence may be limited in their ability to mitigate an increase in credit risk.

Possible actions would be to transfer the Group's positions to another counterparty or request a voluntary termination of the derivative contracts, resulting in a cash settlement in the event of non-performance by the counterparty. For each of the fiscal years ended 31 December 2013, 31 December 2014 and 31 December 2015, the counterparties for all of the Group's derivative financial instruments were lenders under formal credit agreements.

The derivative instruments consist of interest rate swaps and non-financial instruments considered normal purchases and normal sales. As such, significant fair values inputs can generally be verified and do not typically involve significant judgments of the Directors (Level 2 inputs).

For recurring and non-recurring fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation technique(s) and the inputs used in the fair value measurement. If there has been a change in valuation technique (ex: changing from a market approach to an income approach or the use of an additional valuation technique), the entity shall disclose that change and the reason(s) for making it.

All financial instruments measured at fair value use Level 2 valuation techniques for the each of the years ended 31 December 2013, 31 December 2014 and 31 December 2015.

Level 2 fair value measurements are those including inputs other than quoted prices included within Level 1 that are observable for the asset or liability directly or indirectly. The fair value of the swap commodity derivatives are calculated using a discounted cash flow model and the fair value of the option commodity derivatives are calculated using a relevant option pricing model, these are calculated from relevant market prices and yield curves at the balance sheet date and are therefore based solely on observable price information. These instruments are not directly quoted in active markets and are accordingly classified as Level 2 in the fair value hierarchy.

There have been no transfers between fair value levels during the reporting period.

Classification of financial instruments:

Financial assets	As at 31 December 2013 $'000	As at 31 December 2014 $'000	As at 31 December 2015 $'000
Loans and receivable financial assets	1,033	1,151	1,759
Fair value through profit or loss	-	876	17
Financial liabilities			
Borrowings	28,609	34,365	42,936
Trade and other payables	2,178	3,352	2,869
	30,787	**37,717**	**45,805**

25. Financial risk management

The Group's principal financial liabilities, other than derivatives, comprise of borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include trade and other receivables and cash and cash equivalents that derive directly from its operations. The Group also enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Directors oversee the management of these risks. All derivative activities for risk management purposes are carried out by a contracted specialist company that has the appropriate skills and experience.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of two types of risk: interest rate risk and commodity price risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with its Senior Credit Facility, Huntington Bank, with floating interest rates. All other borrowings have fixed rates of interest.

An interest rate swap, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount is a way to mitigate interest rate risk. As at 31 December 2015, the Directors elected not to enter an interest rate swap as federal borrowing rates have remained low.

c) Commodity price risk

The Group is affected by the price volatility of the natural gas and oil commodities. A material part of the Group's revenue is derived from the sale of natural gas and oil. The Group's gas sales revenue in each of the years ended 31 December 2013, 31 December 2014 and 31 December 2015 have been affected by the expiration of fixed rate purchase contracts.

Due to the volatility of the price of natural gas and oil, the Company has entered into various purchase contracts, a gas option with BP Energy Company and an oil swap agreement with BP Energy Company.

The Group's normal policy is to sell its products under contract at priced determined by reference to prevailing market prices on petroleum exchanges and keep options and swaps in place for 24 months in advance to minimise commodity risk and create stabilised cash flow.

d) Commodity price sensitivity

The following table shows the effect of price changes in natural gas net of hedge accounting impact:

	Price average, including fixed rate pricing and hedging	Henry Hub spot price average	Price effect
2013	$3.35	$3.73	$(0.38)
2014	$3.31	$4.37	$(1.06)
2015	$2.31	$2.62	$(0.31)

The following table shows the effect of price changes in oil net of hedge accounting impact:

	Price average, including hedging	NYMEX Crude spot price average	Price effect
2013	$88.01	$98.05	$(10.04)
2014	$93.07	$92.91	$0.16
2015	$49.24	$48.75	$0.49

e) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a contract, leading to a financial loss. The credit risk from its liquid funds is limited because the counter parties are banks with high credit ratings and have not experienced any losses in such accounts. The Group is not exposed to credit risk from its derivative activities as the hedge provider has an intercompany agreement with the Group assuming all counter party risk. The Group credit risk is primarily attributable to its operating activities and its trade receivables.

f) Trade receivables

The amount of trade receivables presented in the statement of financial position is net of allowance for doubtful receivables. Trade receivables from joint interest owners are generally with other oil and natural gas companies that own a working interest in the properties operated by the Group. The Group has the ability to withhold future revenue payments to recover any non-payment of joint interest trade receivables. Trade receivables are due from customers throughout the oil and natural gas industry. Although diversified among many companies, collectability is dependent on the financial condition of each individual company as well as the general economic conditions of the industry. The Directors review the financial condition of customers prior to extending credit and generally does not require collateral in support of the Group's trade receivables.

As of 31 December, the ageing analysis of trade receivables is as follows:

	Total	Neither past due nor impaired
Trade receivables less than one month old at:	$'000	$'000
31 December 2013	1,033	1,033
31 December 2014	1,151	1,151
31 December 2015	1,759	1,759

There were 8 customers that total 83% of total trade receivables as at 31 December 2015 (2014: 5 customers, 86%, 2013: 5 customers, 90%).

g) Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its borrowings. It is the risk that the Group will encounter difficulty in meetings its financial obligations as they fall due.

The Director's objective is to maintain a balance between continuity of funding and flexibility through the use of operational receivables and bank borrowings. The Directors manage the Group's liquidity risk by continuously monitoring 90-day forecasts and actual cash flows. The Directors assess the Group's debt maturing within 12 months and is able to access sources of funding with existing lenders.

Year ended 31 December 2013:

	Less than 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	> 5 years $'000	Total $'000
Trade and other payables	1,539	639	-	-	2,178
Borrowings	60	119	29,833	38	30,050
Other liabilities	82	193	5	180	460
	1,681	951	29,838	218	32,688

Year ended 31 December 2014:

	Less than 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	> 5 years $'000	Total $'000
Trade and other payables	2,540	812	-	-	3,352
Borrowings	16,883	3,923	13,536	23	34,365
Other liabilities	2	290	-	302	594
	19,425	5,025	13,536	325	38,311

Year ended 31 December 2015:

	Less than 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	> 5 years $'000	Total $'000
Trade and other payables	2,068	801	-	-	2,869
Borrowings	1,226	21,595	20,115	-	42,936
Capital lease	29	86	58	-	173
Other liabilities	-	180	-	277	457
	3,323	22,662	20,173	277	46,435

h) Capital risk

The Director's objectives when managing the Group's capital are to safeguard the ability to continue as a going concern while pursuing exploration and development and opportunities for growth through identifying and evaluating potential acquisitions and constructing new infrastructure on existing proved leaseholds. The Directors define capital as the Group's shareholders' equity excluding share capital and share premium, totalling $(8,969,000) as at 31 December 2015 (2014: $(7,470,000), 2013: $(4,311,000)). The Group is not subject to any externally imposed capital requirements. The Directors do not establish a quantitative return on capital criteria, but rather promotes year over year exploration and development growth. The Directors will be meeting their objectives of managing the Group's capital through its detailed review and preparation of both short-term and long-term cash flow analysis and monthly review of financial results.

i) Collateral risk

The Group has pledged its oil and gas properties to fulfill the collateral requirements for the borrowing credit facility with Huntington Bank, Bank of Oklahoma and CrossFirst Bank, collectively. The fair values of the oil and gas properties are $42,931,000 as at 31 December 2015 (2014: $35,036,000, 2013: $53,520,000). The fair value is calculated based is the third-party engineering reserve values calculated at a 10% cumulative discount cash flow.

26. Contingencies and provisions

The Group is involved in various pending legal issues that have arisen in the normal course of business, none which are expected to have any material impact on the Group's financial position or results of operations.

The Group's operations are subject to environmental regulation in all the jurisdictions in which it operates. The Directors are unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would adversely affect the Group's operations. There can be no assurance that such new environmental legislation, once implemented, will not oblige the Group to incur significant expenses and undertake significant investments.

Effective 1 June 2013, the Group settled a legal proceeding involving Chesapeake Operating, Inc.. With the settlement, the Group was required to pay a settlement of $700,000, relinquish a portion of its working interest in the James Ogden Wells 1H and 3H and relinquish all revenues earned and accrued in the James Ogden Wells 1H, 3H, and 5H through to and including 30 November 2014. At that time, the Directors expected future revenues earned and accrued on the James Ogden Wells 1H, 3H, and 5H to be $225,000. However, given the uncertainties of revenues from 1 January 2014 to 30 November 2014, the estimated remaining portion of the settlement was $275,000, which is included within current liabilities.

27. Capital risk management

The Directors' objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. At the date of the Group Financial Information, the Group had been financed from borrowings. In the future, the capital structure of the Group is expected to consist of borrowings and equity attributable to equity holders of the Company, comprising issued share capital, share premium and reserves.

28. Events after the reporting period

The Directors have performed an analysis of the activities and transactions subsequent to 31 December 2015 to determine the need for any adjustments to and/or disclosure, within the Group Financial Information.

a) Mezzanine debt settlement

In March 2016, the mezzanine lender with borrowings outstanding of $14,771,000 and accrued finance charges of $925,000 as at 31 December 2015, agreed to a settlement of all remaining balances in exchange for an immediate payment of $950,000. The remaining balance of $14,746,000 will be recognised as a gain on debt settlement during the year ended 31 December 2016.

b) Acquisitions

In April 2016, the Group acquired 1,300 conventional natural gas and crude oil wells in Ohio, equipment and automobiles from Eclipse Resources. The purchase consideration comprised of cash of $1,300,000 and long-term borrowings of $3,500,000, totalling $4,800,000. A provisional assessment of the value of these proved reserves on acquisition is produced, taking into account the discounted cash flows of production to a present value. The Group uses a discount ranging between 10% and 30% for such acquisition, depending on the market conditions at the time of the transaction as well any additional risk factors arising in the particular transaction, in order to obtain a fair value estimate of oil and gas properties. At the time of acquisition, the discount range between 10% and 30% was $20,158,000 to$9,552,000, respectively.

The assets acquired in the acquisition included the necessary permits, rights to production, royalties, contracts and agreements that support the production from the wells.

c) Bond issuance on the NEX Exchange Growth Market

As at the date of this document, the Company's aggregate bond issuance on the NEX Exchange Growth Market was £10,649,884.

d) Issue of Ordinary Shares

Subsequent to 31 December 2015, 800,000 Ordinary Shares of £0.01 par value were issued to Martin K. Thomas.

Subsequent to 31 December 2015, 2,210,481 Ordinary Shares of £0.01 par value were issued to Bradley G. Gray.

29. Ultimate controlling party

As at 31 December 2015, the Company did not have any one identifiable controlling party.

30. Nature of the Group Financial Information

The Group Financial Information presented above does not constitute statutory financial statements for the period under review.

PART V

(C) INTERIM FINANCIAL INFORMATION OF THE GROUP

Unaudited interim combined and consolidated statements of comprehensive income

The unaudited combined and consolidated statements of comprehensive income of the Group for the six-month period ended 30 June 2016 and the six-month period ended 30 June 2015 are set out below:

	Note	Unaudited 6 months ended 30 June 2016 $'000	Unaudited 6 months ended 30 June 2015 $'000
Revenue	4	7,653	2,918
Cost of sales	5	(6,227)	(1,675)
Depreciation, depletion and amortisation		(1,584)	(1,360)
Depreciation of decommissioning provision – change in significant estimates	3	1,077	-
Gross profit/(loss)		919	(117)
Loss on derivative financial instruments		(308)	(316)
Gain on bargain purchase	6	24,212	-
Loss on disposal of property, plant and equipment		-	(2)
Administrative expenses	5	(887)	(278)
Operating profit/(loss)		23,936	(713)
Accretion of decommissioning provision		(223)	(108)
Finance costs		(1,371)	(1,381)
Gain on debt cancellation	16	14,149	-
Profit/(loss) before taxation		36,491	(2,202)
Taxation	7	-	-
Profit/(loss) after taxation		36,491	(2,202)
Other comprehensive income attributable to the equity holders of the parent			
Gain on foreign currency conversion	8	603	8
Total comprehensive income/(loss) for the year attributable to the equity holders of the parent		37,094	(2,194)
Earnings/(loss) per Ordinary Share			
Basic and diluted	9	$(0.93)	$(0.05)

Unaudited interim combined and consolidated statements of financial position

The unaudited combined and consolidated statements of financial position of the Group as at 31 December 2013, 2014 and 2015 are set out below:

		Unaudited As at 30 June 2016	Audited As at 31 December 2015
ASSETS	**Note**	**$'000**	**$'000**
Non-current assets			
Oil and gas properties	11	79,864	42,353
Property, plant and equipment	12	2,798	2,110
Restricted cash		117	115
		82,779	44,578
Current assets			
Trade receivables		3,336	1,759
Derivative financial instruments	13	-	17
Other current assets		118	43
Cash and cash equivalents		20	90
		3,474	1,909
TOTAL ASSETS		**86,253**	**46,487**
EQUITY AND LIABILITIES			
Equity			
Share capital	14	630	630
Merger reserve		(478)	(478)
Retained earnings/(accumulated losses)		27,587	(8,969)
Equity attributable to owners of the parent		**27,739**	**(8,817)**
Non-current liabilities			
Decommissioning provision		14,798	8,869
Capital lease		115	58
Borrowings	16	9,592	20,115
Other liabilities		358	277
		24,863	29,319
Current liabilities			
Trade and other payables		3,537	2,869
Derivative financial instruments	13	682	-
Borrowings	16	29,194	22,821
Capital lease		113	115
Other liabilities		125	180
		33,651	25,985
Total liabilities		**58,514**	**55,304**
TOTAL EQUITY AND LIABILITIES		**86,253**	**46,487**

Unaudited interim combined and consolidated statements of changes in shareholders' equity

The unaudited combined and consolidated interim statements of changes in shareholders' equity of the Group for the six-month period ended 30 June 2016 and the six-month period ended 30 June 2015 are set out below:

	Share capital	**Merger reserve**	**Retained earnings**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Balance as at 1 January 2016	**630**	**(478)**	**(8,969)**	**(8,817)**
Profit for the period after taxation	-	-	36,491	36,491
Gain on foreign currency conversion	-	-	603	603
Total comprehensive income for the period	-	-	*37,094*	*37,094*
Stockholder distributions	-	-	(538)	(538)
Transactions with owners	-	-	*(538)*	*(538)*
Balance as at 30 June 2016	**630**	**(478)**	**27,587**	**27,739**
Balance as at 31 January 2015	**611**	**(478)**	**(7,470)**	**(7,337)**
Loss for the period after taxation	-	-	(2,202)	(2,202)
Gain on foreign currency conversion	-	-	8	8
Total comprehensive loss for the period	-	-	*(2,194)*	*(2,194)*
Stockholder contributions	-	-	306	306
Issuance of Ordinary Shares	19	-	-	19
Transactions with owners	*19*	-	*306*	*325*
Balance as at 30 June 2015	**630**	**(478)**	**(9,358)**	**(9,206)**

Unaudited interim combined and consolidated statements of cash flows

The unaudited combined and consolidated interim statements of cash flow statements of the Group for the six-month period ended 30 June 2016 and the six-month period ended 30 June 2015 are set out below:

Cash flows from operating activities	Unaudited 6 months ended 30 June 2016 $'000	Unaudited 6 months ended 30 June 2015 $'000
Profit/(loss) before income tax from operations	36,491	(2,202)
Adjustments to add/(deduct) non-cash items:		
Depreciation, depletion and amortisation	507	1,360
Loss on derivative financial instruments	699	316
Accretion of decommissioning provision	223	107
Gain on sale of oil and gas properties	(84)	-
Gain on bargain purchase	(24,212)	-
Gain on debt cancellation	(14,149)	-
Loss on sale of property, plant and equipment	-	2
Working capital adjustments:		
Change in trade receivables	(1,145)	(465)
Change in other current assets	(71)	(10)
Change in trade and other payables	543	1,563
Change in other liabilities	129	21
Net cash used in operating activities	(381)	(692)
Cash flows from investing activities		
Expenditures on oil and gas properties	(8,642)	(2,669)
Expenditures on property, plant, and equipment	(155)	(34)
Increase in restricted cash	(2)	-
Proceeds on disposal of oil and gas properties	93	-
Net cash used in investing activities	**(8,706)**	**(2,703)**
Cash flows from financing activities		
Proceeds from borrowings	19,241	3,212
Financing expense	(2,541)	(438)
Repayments of borrowings	(7,199)	(304)
Proceeds from capital lease	133	-
Repayment of capital lease	(79)	-
Contributions from stockholders	-	306
Dividends	(538)	-
Net cash from financing activities	**9,017**	**2,776**
(Decrease)/increase in cash	**(70)**	**765**
Cash and cash equivalents, beginning of period	90	34
Cash and cash equivalents, end of period	**20**	**799**

Notes to the Interim Financial Information

1. Corporate information

The Company is an Appalachian focused natural gas and crude oil operations company with headquarters in Birmingham, Alabama, USA. The Company was incorporated on 31 July 2014 in England and Wales as a private limited company under company number 09156132. The Company's registered office is located at 27/28 Eastcastle Street, London W1W 8DH. The principal activity of the Company is that of a holding company to the Group. The principal activity of the Group is that of conventional gas and oil production in Ohio and West Virginia, USA.

2. Basis of preparation and change of accounting policy

a) Basis of preparation and measurement

The Group Financial Information has been prepared in accordance with IFRS, issued by the International Accounting Standards Board, including interpretations issued by the International Financial Reporting Interpretations Committee and the Companies Act 2006 applicable to companies reporting under IFRS. The Group Financial Information has been prepared under the historical cost convention, except for acquisitions and derivative financial instruments that have been measured at fair value through profit and loss.

The basis of preparation and measurement and the accounting policies made by the Directors were the same as those that were applied to the Group Financial Information set out in Part V (B) "*Historical Financial Information of the Group*".

The Interim Financial Information has been prepared in accordance with IAS 34 "*Interim Financial Reporting*" as adopted by the EU ("IFRS") issued by the International Accounting Standards Board ("IASB"), including related interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The Interim Financial Information does not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2015.

b) New standards and interpretations not yet adopted

There are no new IFRSs or IFRIC interpretations that are effective for the first time for the financial period. A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not yet been adopted by the EU. The Directors do not expect that the adoption of these standards will have a material impact on the financial statements of the Company in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments, IFRS 15 may have an impact on revenue recognition and related disclosures and IFRS 16 will have an impact on the recognition of operating leases. At this point the Directors have yet to conclude on their assessment to provide a reasonable estimate of the effect of these standards as their detailed review of these standards is still ongoing.

3. Change to significant accounting estimates

In accordance with IAS 8 "*Accounting Policies, Changes in Accounting Estimates and Errors*", the Directors have made the following change in estimate, which had a significant adjustment in the carrying amounts recognised in the Interim Financial Information:

a) Decommissioning costs

These costs will be incurred by the Group at the end of the operating life of some of the Group's properties. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change, for example, in response to changes in reserves or changes in laws and regulations or their interpretation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

For the interim period ended 30 June 2016, the Group's reserve report reflected a longer operating life of the oil and gas properties acquired through the Broadstreet Energy acquisition in the year ended 31 December 2015. As a result of a longer operating life, the decommissioning provision will be depreciated and accreted over a 25-year period, rather than an accelerated period estimated in the year ended 31 December 2015.

The impact of the change in estimate on the consolidated Interim Financial Information and future years' financial information is as follows:

$'000	June 2016	December 2017	December 2018	December 2019	December 2020	Later
Increase/(decrease) in oil and gas properties	95	70	55	39	23	(281)
Decrease in decommissioning provision	1,107	79	79	79	79	544
(Decrease)/increase in depreciation, depletion and amortisation	(1,077)	(70)	(55)	(39)	(23)	281
Decrease in accretion expenses	(124)	(79)	(79)	(79)	(79)	(544)

4. Revenue

	Unaudited 6 months ended 30 June 2016 $'000	Unaudited 6 months ended 30 June 2015 $'000
Natural gas and crude oil revenue	6,845	2,367
Operator revenue	468	471
Oil and gas program revenue	84	35
Water disposal revenue	256	45
Total revenue	**7,653**	**2,918**

5. Expenses by nature

	Unaudited 6 months ended 30 June 2016 $'000	Unaudited 6 months ended 30 June 2015 $'000
Automobile	407	129
Employees and benefits	2,099	755
Insurance	120	105
Well operating expenses	3,601	686
Total cost of sales	**6,227**	**1,675**
Acquisition costs	384	-
Employees and benefits	74	76
Other administrative	122	33
Professional fees	84	47
Auditor's remuneration	127	76
Other fees paid to auditors	24	-
Rent	44	41
Travel	28	4
Uncollectible accounts	-	1
Total administrative expenses	**887**	**278**
Total expenses	**7,114**	**1,953**

6. Business acquisitions

a) Eclipse Resources

In April 2016, the Group acquired 1,300 conventional natural gas and oil wells in Ohio and equipment from Eclipse Resources. The purchase consideration, totalling $4,800,000, comprised of cash of $1,300,000 and a short-term note payable of $3,500,000. The Directors considered the fair value of the reserves held in the assets acquired to be $11,774,162, which was the 30% cumulative cash flow discount reserve valuation derived from a third-party engineer at the time of purchase. The acquisition has been accounted for as a business acquisition under IFRS 3. The estimated fair values of the assets and liabilities assumed were as follows:

	Unaudited $'000
Oil and gas properties	11,774
Oil and gas properties (decommissioning provision, asset portion)	2,443
Equipment	757
Decommissioning provision, liability	(2,443)
Other liabilities, long term (suspended royalties and customer deposits)	(89)
Gain on bargain purchase	(7,642)
Purchase price	**4,800**

Between the date of acquisition and 30 June 2016, the assets acquired contributed $2,984,000 to the Group's revenues.

b) Seneca Resources Corporation

In June 2016, the Group acquired 2,400 conventional natural gas and oil wells in Pennsylvania from Seneca Resources Corporation. The purchase consideration comprised of a short-term note payable of $3,550,000. The Directors considered the fair value of the reserves held in the assets acquired was

$20,119,793 which was the 35% cumulative cash flow discount reserve valuation derived from a third-party engineer at the time of purchase. The estimated fair values of the assets and liabilities assumed were as follows:

	Unaudited $'000
Oil and gas properties	20,120
Oil and gas properties (decommissioning provision, asset portion)	4,249
Decommissioning provision, liability	(4,249)
Gain on bargain purchase	(16,570)
Purchase price	**3,550**

Between the date of acquisition and the 30 June 2016, the assets acquired contributed $352,000 to the Group's revenues.

The assets acquired in both acquisitions included the necessary permits, rights to production, royalties, contracts and agreements that support the production from the wells.

7. Taxation

Beginning in tax year 2016, the Group will file a consolidated US federal income tax return and separate company state tax returns. To date, the 2015 consolidated US federal tax returns have not been completed, thus the beginning deferred tax asset is unknown. The Group does not anticipate any large tax liabilities, as the gain on bargain purchase is a book to tax difference and the gain on debt cancellation will be recognised on the pass-through returns of the members in tax year 2015.

8. Gain on foreign currency conversion

In June 2016, the £ experienced a sharp decline in value due to the UK voting to leave the EU. The Group's £ to $ conversion rate dropped from $1.53 at 31 December 2015 to $1.37. The $603,000 gain on foreign currency conversion is the decline in the $ conversion of the Company balance sheet.

9. Earnings/(loss) per Ordinary Share

The calculation for earnings/(loss) per Ordinary Share (basic and diluted) for the relevant period is based on the profit/(loss) after income tax attributable to equity holders for the period as follows:

	Unaudited 6 months ended 30 June 2016	**Unaudited 6 months ended 30 June 2015**
Profit/(loss) attributable to equity holders	$37,094,000	$(2,194,000)
Weighted average number of Ordinary Shares	40,100,000	40,100,000
Earnings/(loss) per Ordinary Share	$0.93	$(0.05)

The 30 June 2015 calculation uses the pro forma number of Ordinary Shares, both basic and diluted, to reflect the number of Ordinary Shares following the stock reorganisation transaction which occurred in 2015.

Diluted loss per Ordinary Share is calculated by adjusting the weighted average number of Ordinary Shares outstanding to assume conversion there were no potential dilutive Ordinary Shares in issue. The effect of potential dilutive Ordinary Shares would be anti-dilutive and therefore are not included in the above calculation of diluted loss per Ordinary Share.

10. Adjusted EBITDA

Adjusted EBITDA is a non-IFRS financial measure, which is of particular interest to the industry and Directors, as it is essentially the cash generated from current year income the Group has free for interest payments and capital investment. Adjusted EBITDA should not be considered as an alternative to operating profit (loss), comprehensive income, cash flow from operating activities or any other financial performance or liquidity measure presented in accordance with IFRS. Adjusted EBITDA is a non-IFRS financial measure that is defined as comprehensive income/(loss) plus or minus:

- finance costs, including accrued finance costs and deferred financing costs;
- depreciation, depletion amortisation and accretion;
- gain on bargain purchase;
- net gains or losses on the valuation of commodity derivative contracts;
- net gains or losses on foreign currency translation;
- net gains or losses on disposal of property and equipment;
- acquisition costs; and
- potential initial public offering financing costs.

	Unaudited 6 months ended 30 June 2016 $'000	Unaudited 6 months ended 30 June 2015 $'000
Operating profit/(loss)	23,936	(713)
Gain on bargain purchase	(24,212)	-
Loss on disposal of property and equipment	-	2
Fair value movement on open derivatives	699	316
Depreciation, depletion and amortisation	507	1,360
Acquisition costs	384	-
Adjusted EBITDA	**1,314**	**965**

11. Oil and gas properties

Cost	**Unaudited $'000**
As at 1 January 2016	56,659
Additions	37,808
Disposals	(28)
As at 30 June 2016	**94,439**
Depletion and impairment	
As at 1 January 2016	(14,306)
Charge for the period	(283)
Disposals	14
As at 31 December 2015	**(14,575)**
Net book value	
As at 31 December 2015	**42,353**
As at 30 June 2016	**79,864**

12. Property, plant and equipment

Cost	Land, buildings and leasehold improvements $'000	Aircraft and automobiles $'000	Other property and equipment $'000	Total $'000
As at 1 January 2016	812	1,295	1,398	3,505
Additions	-	656	255	911
Disposals	-	-	(6)	(6)
As at 30 June 2016	**812**	**1,952**	**1,647**	**4,411**
Depreciation				
As at 1 January 2016	(39)	(651)	(705)	(1,395)
Charge for the period	(9)	(133)	(82)	(224)
Disposals	-	-	6	6
As at 30 June 2016	**(48)**	**(784)**	**(781)**	**(1,613)**
Net book value				
As at 31 December 2015	**773**	**644**	**693**	**2,110**
As at 30 June 2016	**764**	**1,168**	**866**	**2,798**

13. Derivative financial instruments

a) Natural gas swap agreements

On 7 January 2016, the Group entered into a natural gas swap agreement to exchange 2,000 mmbtus/day of natural gas during the period 1 February 2016 to 31 December 2016 at a fixed price of $2.51 per mmbtu paid by the counterparty.

The effects of the natural gas swap agreements are recorded in the statement of comprehensive income.

b) Natural gas call/put option agreements

On 10 June 2016, the Group entered into a three-way collar gas call/ option agreement to exchange 4,500 mmbtus/day of natural gas during the period of 1 January 2017 to 31 December 2017 at a fixed price range of $2.50 to $3.00 to $3.48 per mmbtu paid by the counterparty.

The effects of the natural gas call/put option agreements are recorded in the statement of comprehensive income.

c) Natural gas basis swap agreements

On 6 May 2016, the Group entered into a natural gas basis swap agreement to exchange 3,500 mmbtus/day of natural gas during the period 1 June 2016 to 31 December 2016 at a fixed price of $0.92 per mmbtu, paid by the counterparty and the Dominion Transmission Appalachian monthly settlement price to be paid by the Group.

The effects of the natural gas swap agreement were recorded in the statement of comprehensive income.

d) Oil call/put option agreements

On 13 May 2016, the Group entered into an oil put option agreement to exchange 250 bbls/day of WTI Crude Oil during the period of 1 July 2016 to 31 December 2016 at a fixed price of $43.00 per barrel paid by the counterparty. The Group also executed an oil call agreement on 13 May 2016 to exchange 250 bbls/day of WTI Crude Oil during the period of 1 July 2016 to 31 December 2016 at a fixed price of $52.00 per barrel paid by the counterparty.

On 16 May 2016, the Group entered into a three-way collar oil call/put option agreement to exchange 125 bbls/day of WTI Crude Oil during the period of 1 January 2017 to 31 December 2017 at a fixed price range of $37.00 to $47.00 to $59.00 per bbl paid by the counterparty.

The Group agreed to the variable price per barrel equal to the arithmetic average of the daily settlement prices for the WTI first traded contract month on the New York Mercantile Exchange.

Effects of the oil put/call option agreements are recorded in the statement of comprehensive income.

The following table summarises the Group's calculated fair value of derivative agreements:

	Unaudited As at 30 June 2016 $'000	**Audited As at 31 December 2015 $'000**
Natural gas put option agreements	(140)	(88)
Natural gas swap agreements	(474)	-
Natural gas basis swap agreements	53	-
Oil put agreements	(121)	-
Oil swap agreements	-	105
	(682)	**17**

14. Share capital

There has been no movement in share capital from the period ending 31 December 2015 to 30 June 2016.

15. Stockholder contributions and distributions

Stockholder contributions	**Unaudited 6 months ended 30 June 2016 $'000**	**Unaudited 6 months ended 30 June 2015 $'000**
Robert Hutson Jr. and Robert Post	-	306
Stockholder distributions		
Robert Hutson Jr. and Robert Post	**538**	-

16. Borrowings

Borrowings payable as at each of 30 June 2016 and 31 December 2015 consist of the following:

	Unaudited As at 30 June 2016 $'000	Audited As at 31 December 2015 $'000
Note payable - Financing companies and institution, with interest rates ranging from 4.19% to 9.39%, maturing March 2015 through to October 2019, secured by automobiles.	384	305
Note payable - Financial institution, with interest rate of 3.25%, maturing December 2016, secured by oil and gas assets.	16,118	16,218
Note payable – unsecured revolving line of credit of up to $50,000, with a rate of 10.25%, with an annual renewal term.	22	33
Note payable, Mezzanine lender, with interest rate of 12%, maturing 31 January 2018, secured by a mezzanine lien on oil and gas assets.	-	14,771
Financial institution, with interest rates ranging from 5%-6.90%, maturing July 2017 through to December 2020, secured by buildings.	99	113
Note payable – financial institution, with interest rate of 4%, maturing August 2016, secured by oil and gas properties.	3,225	3,285
Note payable - individual, with interest of 6.0%, maturing March 2016, unsecured.	280	420
Notes payable - individuals, with interest of 8.0%, maturing September 2017, unsecured.	104	116
Note payable – unsecured revolving line of credit of up to $125,000, with a rate of Wall Street Journal Prime Rate plus 2% rounded to the nearest 0.125%, having a floor of 6% and a ceiling of 18%, with an annual renewal term.	-	17
Note payable - business institution, no interest rate, matured, remaining balance owed on building properties acquired, unsecured	125	725
Note payable – financial institution, with interest rate of Wall Street Journal Prime Rate plus 0.50%, maturing June 2016, secured by oil and gas properties.	2,000	2,000
Bonds payable - individuals and institutional investors, with interest of 8.5%, maturing June 2020, unsecured	13,009	6,375
Notes payable – Financing companies, with interest rates ranging from 10%-12%, maturing September 2016 through to November 2016, secured by oil and gas properties	6,650	-
Notes payable - individuals, with interest of 8.5%, maturing September 2016, unsecured	523	-
Total borrowings	**42,539**	**44,378**

Borrowings payable as at each of 30 June 2016 and 31 December 2015 consist of the following:

	Unaudited As at 30 June 2016 $'000	**Audited As at 31 December 2015 $'000**
Total Borrowings	42,539	44,378
Less current portion of long-term debt	(29,194)	(22,821)
Less deferred financing costs (see below)	(3,753)	(2,367)
Plus accrued finance costs (see below)	-	925
	9,592	**20,115**

Deferred financing costs as at each of 30 June 2016 consist of the following:

	Unaudited $'000
Deferred financing costs as at 31 December 2015	**2,367**
Additions	2,022
Charge	(170)
Foreign currency translation adjustment	(466)
Deferred financing costs as at 30 June 2016	**3,753**

Future maturities of the long-term notes payable as at 30 June 2016 are as follows:

	Unaudited $'000
Not later than one year	29,194
Later than one year and not later than five years	13,345
Later than five years	-
	42,539

During year ended 31 December 2015, the mezzanine lender had introduced settlement terms which were finalised in March 2016. Outstanding borrowings of $14,771,000 and accrued finance charges of $925,000 were settled in exchange for an immediate payment of $950,000. The remaining balance, net of expenses, is recognised as a gain on debt settlement totaling $14,149,000.

17. Events after the reporting period

As at the date of this document, the Company's bond issuance on the NEX Exchange Growth Market was £10,649,884.

Subsequent to 30 June 2016, 800,000 Ordinary Shares of £0.01 par value were issued to Martin. K. Thomas.

Subsequent to 30 June 2016, 2,210,481 Ordinary Shares of £0.01 par value were issued to Bradley G. Gray.

18. Ultimate controlling party

As at 30 June 2016, the Company did not have any one identifiable controlling party.

19. Nature of the Interim Financial Information

The Interim Financial Information presented above does not constitute statutory financial statements for the period under review.

PART VI

(A) UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE GROUP

Set out below is the unaudited pro forma statement of net assets of the Group as at 30 June 2016 (the "Pro Forma Financial Information"). The Pro Forma Financial Information has been prepared on the basis set out in the notes below to illustrate the effects of:

- the net proceeds from the issue of the Placing Shares at the Placing Price; and
- the repayment of the Group's borrowings

on the net assets of the Group as at 30 June 2016. It has been prepared for illustrative purposes only. Because of its nature, the Pro Forma Financial Information addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position. It is based on the schedules used in preparing the unaudited interim balance sheet of the Group as at 30 June 2016, which is reproduced in Part V(C) "*Interim Financial Information of the Group*" of this document.

Users should read the whole of this document and not rely solely on the summarised financial information contained in this Part VI(A) "*Unaudited Pro-Forma Statement of Net Assets of Group*".

The report on the Pro Forma Financial Information is set out in Part VI(B) "*Accountant's Report on the Unaudited Pro Forma Statement of Net Assets of the Group*" of this document.

Unaudited pro forma statement of net assets

	Net assets of the Group as at 30 June 2016 (Note 1) $'000	Adjustment Receipt of net Placing Proceeds (Note 2) $'000	Adjustment Repayment of borrowings (Note 3) $'000	Unaudited Pro forma Net assets $'000
Oil and gas properties	79,864	-	-	79,864
Property, plant and equipment	2,798	-	-	2,798
Restricted cash	117	-	-	117
Non-current assets	82,779	-	-	82,779
Trade receivables	3,336	-	-	3,336
Other current assets	118	-	-	118
Cash and cash equivalents	20	46,144	(41,624)	4,540
Current assets	3,474	46,144	(41,624)	7,994
TOTAL ASSETS	**86,253**	**46,144**	**(41,624)**	**90,773**
Decommissioning provision	(14,798)	-	-	(14,798)
Capital lease	(115)	-	-	(115)
Borrowings	(9,592)	-	9,458	(134)
Other liabilities	(358)	-	-	(358)
Non-current liabilities	(24,863)	-	9,458	(15,405)
Trade and other payables	(3,537)	-	-	(3,537)
Derivative financial instruments	(682)	-	-	(682)
Borrowings	(29,194)	-	27,761	(1,433)
Capital lease	(113)	-	-	(113)
Other liabilities	(125)	-	-	(125)
Current liabilities	(33,651)	-	27,761	(5,890)
TOTAL LIABILITIES	**(58,514)**	**-**	**37,219**	**(21,295)**
NET ASSETS	**27,739**	**46,144**	**(4,405)**	**69,478**

Notes:

1. The financial information relating to the Group has been extracted without adjustment from the Interim Financial Information set out in Part V(C) "*Interim Financial Information of the Group*" of this Document.

2. The adjustment of $46,144,000 reflects the gross proceeds from the Placing Shares at the Placing Price, less associated costs of the Placing and Admission of $3,815,000.

3. The adjustment of $41,624,000 reflects the repayment of $40,972,000 of the Group's borrowings together with $652,000 of premiums arising on the early settlement of the Group's Bonds.

4. The Pro Forma Financial Information does not reflect any changes in the trading position of the Group, the effects of the US taxation liability of $1,500,000 which arose in November 2016, or any other changes arising from other transactions, since 30 June 2016.

PART VI

(B) ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE GROUP

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The Directors
Diversified Gas & Oil PLC
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The Directors
Smith & Williamson Corporate Finance Limited
25 Moorgate
London EC2R 6AY

30 January 2017

Dear Sirs,

Introduction

We report on the unaudited pro forma statement of net assets of Diversified Gas & Oil PLC (the "Company") and its subsidiaries (together, the "Group") (the "Pro Forma Financial Information") set out in Part VI(A) "*Unaudited Pro Forma Statement of Net Assets of the Group*" of the Company's AIM admission document dated 30 January 2017 (the "Admission Document"). The Pro Forma Financial Information has been prepared on the basis of the notes thereto, for illustrative purposes only, to provide information about how:

- the net proceeds from the issue of the Placing Shares at the Placing Price; and
- the repayment of the Group's borrowings

might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing its unaudited interim financial information as at 30 June 2016. This report is required by Schedule Two of the AIM Rules for Companies (the "AIM Rules") and is given for the purpose of complying with that schedule and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the "Directors") to prepare the Pro Forma Financial Information. It is our responsibility to form an opinion on the Pro Forma Financial Information as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting 4000 as issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors. We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully,

Crowe Clark Whitehill LLP
Chartered Accountants

PART VII

COMPETENT PERSON'S REPORT

Set out below is a report prepared by Wright & Co relating to the Group's gas and oil assets.

Wright & Company, Inc.
Petroleum Consultants

Prepared For:

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1 DECEMBER 2016

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EXECUTIVE SUMMARY

Wright & Company Inc. has performed an evaluation of the petroleum reserves to the interests of Diversified Gas & Oil PLC for their properties located in the United States. This evaluation encompasses the existing producing properties along with any future development identified at the time of this evaluation. All evaluations were completed using the guidelines as documented by the Society of Petroleum Engineers, and the report has been prepared in accordance with the standards of the *Note on Mining and Oil & Gas Companies* issued by the London Stock Exchange. This report details the methods, prices, expenses, and other criteria utilized in the evaluation process. Wright & Company Inc. is confident that this report provides a fair and reasonable representation of the reserves and the associated results. The following table is a summary of the results of the evaluation.

Diversified Gas & Oil PLC Utilizing Specified Economics	Proved Developed Producing (PDP)	Proved Developed Nonproducing and Temporarily Abandoned (PDNP &PDNP–TA)	Proved Developed Behind Pipe (PDBP)	Proved Undeveloped (PUD)	Total Proved
Net Reserves to the					
Evaluated Interests					
Oil, Mbbl:	1,469.893	0.000	17.097	784.635	2,271.625
Gas, MMcf:	135,402.528	0.000	1,315.155	16,977.508	153,695.184
NGL, Mbbl:	20.305	0.000	0.000	0.000	20.305
Gas Equivalent, MMcfe:	144,343.716	0.000	1,417.737	21,685.318	167,446.764
(1 bbl = 6 Mcfe)					
Cash Flow Before Tax (BTAX), M$					
Undiscounted:	349,853.824	0.000	3,466.666	33,821.932	387,142.368
Discounted at 10% per Annum:	125,043.832	0.000	974.790	-995.753	125,022.888
Cash Flow After Tax (ATAX), M$					
Undiscounted:	290,378.592	0.000	2,883.418	29,223.980	322,486.016
Discounted at 10% per Annum:	103,662.528	0.000	808.306	-444.354	104,026.480

Please note numbers in table may not add due to rounding techniques in the ARIES™ petroleum software program.

INTRODUCTION

At the request of Diversified Gas & Oil PLC (DGO or Company), Wright & Company, Inc. (Wright) has been engaged to perform an evaluation to estimate proved reserves and associated cash flow and economics from certain properties located in Ohio, Pennsylvania, and West Virginia, United States (U.S.), to the subject interests. This evaluation was authorized by Mr. Robert “Rusty” Hutson, Jr. of DGO. It is the understanding of Wright that this Competent Person’s Report (CPR) will be included in the admission document issued by the Company in relation to its anticipated listing of DGO’s issued and to be issued capital on the AIM Market (AIM) of the London Stock Exchange (LSE). This CPR is provided in accordance with the *Note for Mining and Oil & Gas Companies – June 2009*, issued by the LSE. Wright meets the requirements of a qualified Competent Person (CP) as stipulated in the *Note for Mining and Oil & Gas Companies* issued by the LSE. Additionally, Wright understands that this CPR may be presented by DGO to certain existing investors or financial institutions. The results of this evaluation, with economic parameters effective as of August 1, 2016, are summarized in the attached **Exhibit A**.

Oil, gas, and other liquid hydrocarbon reserves were evaluated for the proved developed producing (PDP), proved developed nonproducing (PDNP), proved developed nonproducing – temporarily abandoned (PDNP-TA), proved developed behind pipe (PDBP), and proved undeveloped (PUD) categories. The summary classification of total proved developed reserves combines the PDP, PDNP, PDNP-TA, and PDBP categories, and the summary classification of total proved reserves combines the total proved developed and PUD categories. In preparing this evaluation, no attempt has been made to quantify the element of uncertainty associated with any reserves category. Reserves were assigned to each category as warranted. The *SPE Petroleum Reserves Definitions*, found in **Exhibit B**, describes all categories of reserves. A glossary of terms used throughout this CPR can be found in **Exhibit C**. Charts indicating the percent allocation of net proved reserves by reserves category and by state can be found in **Exhibit D1** and **Exhibit D2**.

The individual projections of lease reserves and economics were generated using certain data that describe the production forecasts and all associated evaluation parameters such as interests, severance and ad valorem taxes, product prices, operating expenses, and investments, as applicable. These data reports are not presented individually, but are a part of Wright's work product and are retained in our files. This CPR is intended to be used in its entirety and should not be used for any purpose other than that outlined herein without the prior knowledge of and express written authorization by an officer of Wright. This CPR will be included in the Company's admission document, which will be a public document.

COMPANY BACKGROUND

DGO is an Appalachian Basin focused gas and oil company with headquarters in Birmingham, Alabama, U.S. DGO was founded in 2001 and now operates approximately 7,500 conventional vertical wells in Ohio, Pennsylvania, and West Virginia. DGO does not perform high-risk drilling projects, but has focused on existing areas with stable and reasonably predictable production. The recent strategic plan and growth potential is through acquisitions of certain companies with long-lived PDP wells with relatively low decline rates.

During 2015, DGO acquired over 2,000 conventional vertical PDP wells. Prior to the effective date, DGO acquired almost 4,000 similar wells in 2016. The divesting companies may not have focused on opportunities to increase production by improvements in operations, recompletion of additional formations, and/or identification of potential additional infill drilling locations on existing leases. In the opinion of Wright, a dedicated focus and effort by DGO may improve the overall performance of some of these acquired wells.

GENERAL INFORMATION

The properties evaluated in this CPR are located in the northeastern U.S. in the Appalachian Basin. The wells and locations are in the states of Ohio, Pennsylvania, and West Virginia. A map showing the states and counties in which the properties included in this CPR are located can be found in **Exhibit E**.

For this evaluation, projections of the reserves and associated cash flow and economics to the evaluated interests were based on specified economic parameters, operating conditions, and government regulations considered to be applicable at the effective date. Net income to the evaluated interests is the cash flow after consideration of royalty revenue payable to others, standard state and county taxes, operating expenses, investments, salvage values, and abandonment costs, as applicable. The cash flow is before federal income tax (BTAX) and excludes consideration of any encumbrances against the properties if such exist. At the request of DGO, Wright has also included a summary of cash flow values after federal income tax (ATAX). These summaries can be found in **Exhibit F1** and **Exhibit F2**.

The cash flow values presented in **Exhibit F1** and **Exhibit F2** were based on projections of annual oil and gas production or sales. It was assumed there would be no significant delay between the date of oil and gas production and the receipt of the associated revenue for this production.

Wright used the ARIES™ Version 5000.1.13.0 petroleum software program of Landmark Graphics Corporation, a Halliburton business line, in the evaluation of the properties. Certain data such as product prices, operating expenses, ad valorem tax rate, and interests were provided by DGO, the accuracy of which were not independently verified by Wright. Wright did not review individual gas and oil purchase contracts. A review of the base price terms and adjustments is contained in the "Product Prices" section of this CPR. It should be noted that the values contained in this CPR may not always add to exactly the same values as shown in the summaries due to internal rounding in the ARIES™ petroleum software program.

Unless specifically identified and documented by DGO as having curtailment problems, gas production or sales trends have been assumed to be a function of well productivity and not of market conditions. In the opinion of Wright, for properties in which current rates of production are limited due to operating conditions, projections represent the operating status at the effective date.

Oil and other liquid hydrocarbon volumes are expressed in thousands of U.S. barrels (Mbbl) of 42 U.S. gallons. Gas volumes are expressed in millions of standard cubic feet (MMcf) at 60 degrees Fahrenheit and at the legal pressure base that prevails in the state in which the reserves are located. For purposes of this CPR, quantities of barrels of oil and natural gas liquids (NGL) are converted into equivalent quantities of natural gas at the ratio of 1 bbl = 6 Mcfe. No adjustment of the individual gas volumes to a common pressure base has been made.

No investigation was made of potential gas volume and/or value imbalances that may have resulted from over/under delivery to the evaluated interests. Therefore, the estimates of reserves and cash flow do not include adjustments for the settlement of any such imbalances.

The Cash Flow (BTAX) and Cash Flow (ATAX) were discounted monthly at an annual rate of 10.0 percent as requested by DGO. Future cash flow was also discounted at several secondary rates as indicated on each reserves and economics page. These additional discounted amounts are displayed as totals only. It should be noted that no opinion is expressed by Wright as to the fair market value of the evaluated properties. In the determination of the Cash Flow (ATAX), DGO represented to Wright that their corporate tax rate was 17 percent, which was used in accordance with their instructions.

This CPR includes only those costs and revenues provided by DGO that are directly attributable to individual leases and areas. There could exist other revenues, overhead costs, or other costs associated with DGO that are not included in this CPR. Such additional costs and revenues are outside the scope of this evaluation. This CPR is not a financial statement for DGO and should not be used as the sole basis for any transaction concerning DGO or the evaluated properties.

DATA SOURCES

All data utilized in the preparation of this CPR with respect to ownership interests, product prices, gas contract terms, operating expenses, investments, salvage values, abandonment costs, well information, and current operating conditions, as applicable, were provided by DGO. Data obtained after the effective date, but prior to the completion of this CPR, were used only if such data were applied consistently. If such data were used, the reserves category assignments reflect the status of the wells as of the effective date. Production or sales data were provided by DGO or obtained by Wright through publicly available sources. All data have been reviewed for reasonableness and, unless obvious errors were detected, have been accepted as correct. It should be emphasized that revisions to the projections of reserves and economics included in this CPR may be required if the provided data are revised for any reason. Historically, Wright has not inspected the properties it has evaluated, and Wright believes it is neither necessary nor customary for the purposes and scope of this CPR.

METHODS OF RESERVES DETERMINATION

The estimates of reserves contained in this CPR were determined by accepted industry methods as determined by the Guidelines for Application of the Petroleum Resources Management System (SPE), dated November 2011, and in accordance with the *SPE Petroleum Reserves Definitions* found in **Exhibit B**. Methods utilized in this CPR include extrapolation of historical production or sales trends, and analogy to similar producing properties.

Where sufficient production history and other data were available, reserves for producing properties were determined by extrapolation of historical production or sales trends, commonly referred to as Decline Curve Analysis (DCA). Analogy to similar producing properties was used for those properties that lacked sufficient production history and other data to yield a definitive estimate of reserves. It should be noted that subsequent production performance trends or material balance calculations may cause the need for significant revisions to the estimates of reserves. It should be especially noted that in some of the wells, the historical production data may be incomplete, particularly in some of the newly acquired properties.

For the PDBP and PUD locations, estimated ultimate recovery (EUR) was based on analogy to similar producing properties. Wright's projections for the undeveloped locations were based on a generalized type curve for the specific area and formations with initial rates and declines based on reserves assigned. Production start dates for the PDBP and PUD locations were provided by DGO and used in accordance with their instructions. Subsequent production performance trends may cause the need for revisions to the estimates of reserves. Reserves projections based on analogy are subject to change due to subsequent changes in the analogous properties or subsequent production from the evaluated properties.

There are significant uncertainties inherent in estimating reserves, future rates of production, and the timing and amount of future costs. The estimation of reserves must be recognized as a subjective process that cannot be measured in an exact way, and estimates of others might differ materially from those of Wright. The accuracy of any reserves estimate is a function of the quantity and quality of available data and of subjective interpretations and judgments. It should be emphasized that production data subsequent to the date of these estimates or changes in the analogous properties may warrant revisions of such estimates. Accordingly, reserves estimates are often different from the quantities of oil and gas that are ultimately recovered.

INTERESTS

The overall average working interest (WI) owned by DGO for properties included in this evaluation calculates to be approximately 95 percent, and the overall average net revenue interest (NRI) calculates to be approximately 83 percent. The average royalty rate is approximately 12.6 percent.

PRODUCT PRICES

According to the instructions of DGO, the base product prices used for this CPR were the New York Mercantile Exchange (NYMEX) Futures Settlements as published by CME Group on August 1, 2016, for West Texas Intermediate oil at Cushing, Oklahoma, and natural gas at Henry Hub, Louisiana. Monthly futures prices were used beginning in August 2016 through December 2028, then held constant at the December 2028 published price. A table showing the base product prices can be found in **Exhibit G**. As instructed by DGO, there are no adjustments for energy content, quality, and basis differential. The resultant average product prices are $51.72 per barrel of oil and $4.039 per Mcf of gas. The NGL product price was estimated to be approximately 33 percent of the base oil price, resulting in a weighted average price of $17.12 per barrel. It should be emphasized that with the current economic uncertainties, fluctuations in market conditions could significantly change the economics in this CPR.

OPERATING EXPENSES

Operating expenses were provided by DGO and were used in accordance with their instructions. According to DGO, these expenses were based upon the latest available 12-month average actual costs and included, but were not limited to, all direct operating expenses and field level overhead costs. Expenses for workovers, well stimulations, and other maintenance were not included in the operating expenses unless such work was expected on a recurring basis. Judgments for the exclusion of the nonrecurring expenses were made by DGO. Any internal indirect overhead costs (general and administrative), which are not billable to the working interest owners, were not included. For the PDP properties, the total operating expenses for the life of this report averaged $11.03 per barrels of oil equivalent (boe). For new and developing properties where data were unavailable, operating expenses were estimated by DGO based on analogy to similar properties. After the effective date, the operating expenses were held constant for the life of the properties. It should be noted that these types of production profiles and estimated future volumes should have a relatively low cost per unit production.

SEVERANCE AND AD VALOREM TAXES

Standard state severance taxes and average county ad valorem taxes have been deducted as appropriate. All taxes were provided by DGO or based on current published rates and were used in accordance with the instructions of DGO. According to DGO, any ad valorem taxes not deducted separately were included in the operating expenses. The following table shows the various rates for each state used in this evaluation.

State	Ad Valorem Tax Rates	Severance Tax Rates	
Ohio	Ranged from 0.053% to 3.5% of revenue, depending on area	Ranged from $0.20 - $0.61 per barrel, depending on area	Ranged from $0.03 - $0.07 per Mcf, depending on area
Pennsylvania*	N/A	N/A	N/A
West Virginia	Ranged from 0 – 2.5% of revenue, depending on area	5% of Revenue	5% of Revenue

**There are no applicable ad valorem or severance taxes in Pennsylvania.*

INVESTMENTS

All capital costs for drilling, completion, and stimulation of wells and nonrecurring hook-up, workover or operating costs have been deducted as applicable. These costs were provided by DGO and used in accordance with their instructions. The average net cost for the drilling and completion of a PUD location is approximately 226 thousand dollars (M$) including all facility cost. No adjustments were made to account for the potential effect of inflation on these costs. In accordance with the instructions of DGO, reserves and values for all undeveloped properties include only locations having a positive undiscounted Cash Flow (BTAX). The following table depicts the number of total PDBP and PUD locations to be drilled and the annual net capital investment required to fully develop the reserves included in this CPR.

Year of First Production	Number of Locations		Net Capital Investment, M$
	PDBP	PUD	
2017	9	8	2,529.425
2018	6	48	11,299.125
2019	0	37	8,325.000
2020	0	36	8,100.000
2021	0	37	8,325.000
2022	0	36	8,100.000
TOTALS	**15**	**202**	**46,678.552**

Please note numbers in table may not add due to rounding techniques in the ARIES™ petroleum software program.

In most PDP wells, which contribute the majority of the total value, little or no capital investment is expected to be incurred to maintain the production profile for anticipated future production.

AREA OF MATERIAL ASSETS

Introduction

Wright was founded in 1988 by D. Randall Wright. In preparing this CPR, Mr. Wright had the direct oversight and management of the evaluation methods and procedures and is a professionally qualified Competent Person (CP) under the AIM rules. Wright has evaluated tens of thousands of wells similar to the ones included in this CPR for many clients. Wright routinely prepares CPRs, or similar reports, for clients of their oil and gas reserves and economics pursuant to the financial reporting requirements of the U.S. Securities and Exchange Commission (SEC) for various publicly traded companies.

Wright maintains extensive knowledge and utilizes its proprietary internal database of analogous information, in conjunction with data and information from various clients, for evaluations of oil and gas reserves and economics throughout the U.S. and particularly the Appalachian Basin. The professional qualifications of Mr. Wright can be found in **Exhibit H**. The following is a technical discussion of the material assets of DGO based on Wright's evaluation.

Technical Discussion

The Appalachian Basin is an area of the northeast U.S. that underlies ten states including Ohio, Pennsylvania, and West Virginia as shown in *Figure 1*. The Appalachian Basin covers an area of approximately 185,500 square miles. It is 1,075 miles long from the northeast to the southwest and between 20 to 310 miles wide. While this area is famous for the more recent Marcellus Shale horizontal development, it has been a major contributor of vertical well development since the late 1800's.

Figure 1

Source: https://edx.netl.doe.gov

The depositions for the Appalachian Basin are the erosional sediments from the once Acadian Mountains into the lower basin, as referenced in *Figure 2*. The basin was limited to the west by the Cincinnati arch. As the mountains eroded over time, the sediment was deposited in the basin with alternating layers of carbonates, limestones, sandstone, siltstone, and shale intervals, as shown in *Figure 3*.

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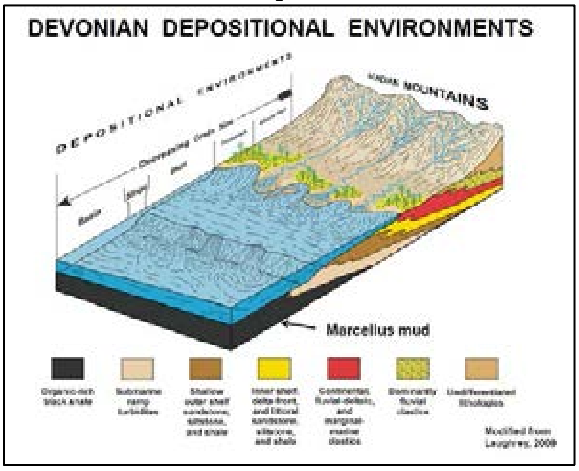
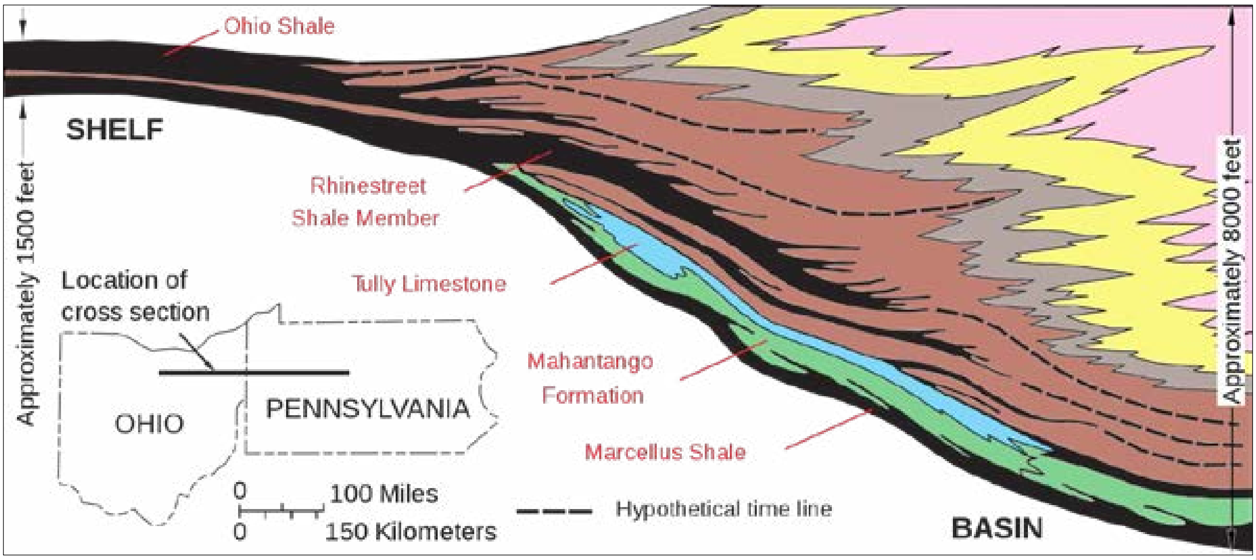
Figure 2

Figure 3



The effect of these geological events results in the Appalachian Basin section being very thin to the west and very thick to the south and the east. As shown below in *Figure 4*, in parts of Ohio the Appalachian Basin is approximately 1,500 feet thick, while in parts of Pennsylvania it can reach a thickness of 8,000 feet.

Figure 4



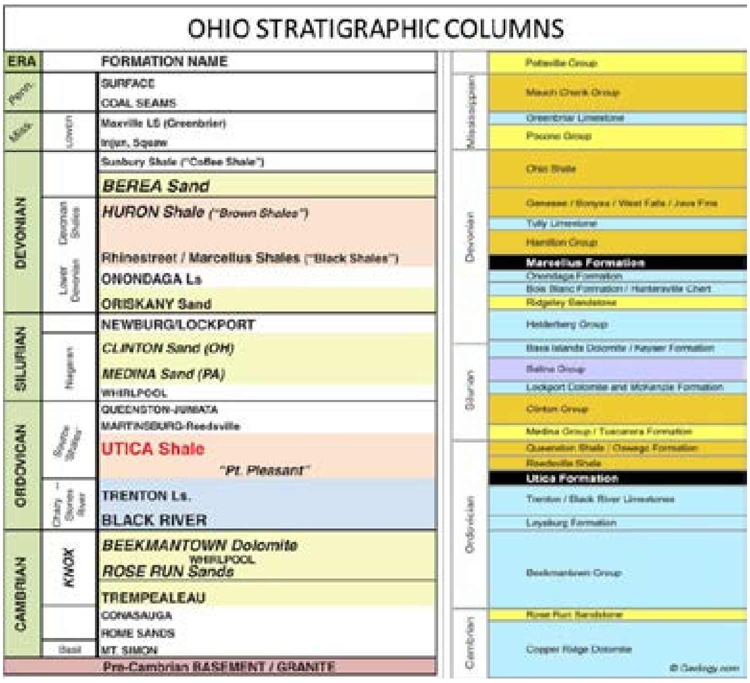
The beginning of the oil and gas industry started in 1859 with the discovery of oil in the Edwin Drake well located in northwestern Pennsylvania. Oil in this well was produced from the Upper Devonian sandstone at a depth of approximately 70 feet. This discovery well opened a trend of oil and gas fields producing from the Upper Devonian, Mississippian, and Pennsylvanian sandstones across many parts of the states of Kentucky, New York, Ohio, Pennsylvania, and West Virginia.

Hydrocarbon producing formations in the Appalachian Basin can range from approximately 2,000 feet deep in portions of Ohio to more than 8,000 feet deep in Pennsylvania and West Virginia.

The Geological Age of the formations dates from the Lower Mississippian to the Upper Cambrian with most of DGO's current production coming from the Devonian and Silurian Ages.

In Ohio, the producing formations include the Berea Sand, Bradford Sand, Gantz Sand, Gordon Sand, Rose Run Sand, and several others as noted in the Ohio stratigraphic columns shown in *Figure 5*, but the majority of the state production comes from the Clinton Sand. The Clinton Sand is a Silurian Age formation and has been the most actively drilled zone in Ohio since the 1950's.

Figure 5



The Clinton Sand was discovered in 1885 in Knox County, Ohio. It is believed to be formed as a nearshore deposit during the Silurian time and was deposited as a blanket of sand throughout eastern Ohio, increasing in thickness from northwest to southeast toward the center of the Appalachian Basin. The average depth is approximately 5,200 feet, with depths ranging from 3,500 to 6,000 feet. The entire Clinton Sand interval is generally 150 to 200 feet in thickness with net productive pay ranging from 10 to 100 feet. Hydraulic fracturing techniques introduced in the 1950s greatly improved oil and gas recoveries from the Clinton Sandstones. The uniformity of the Clinton Sand deposition is represented in *Figure 6*.

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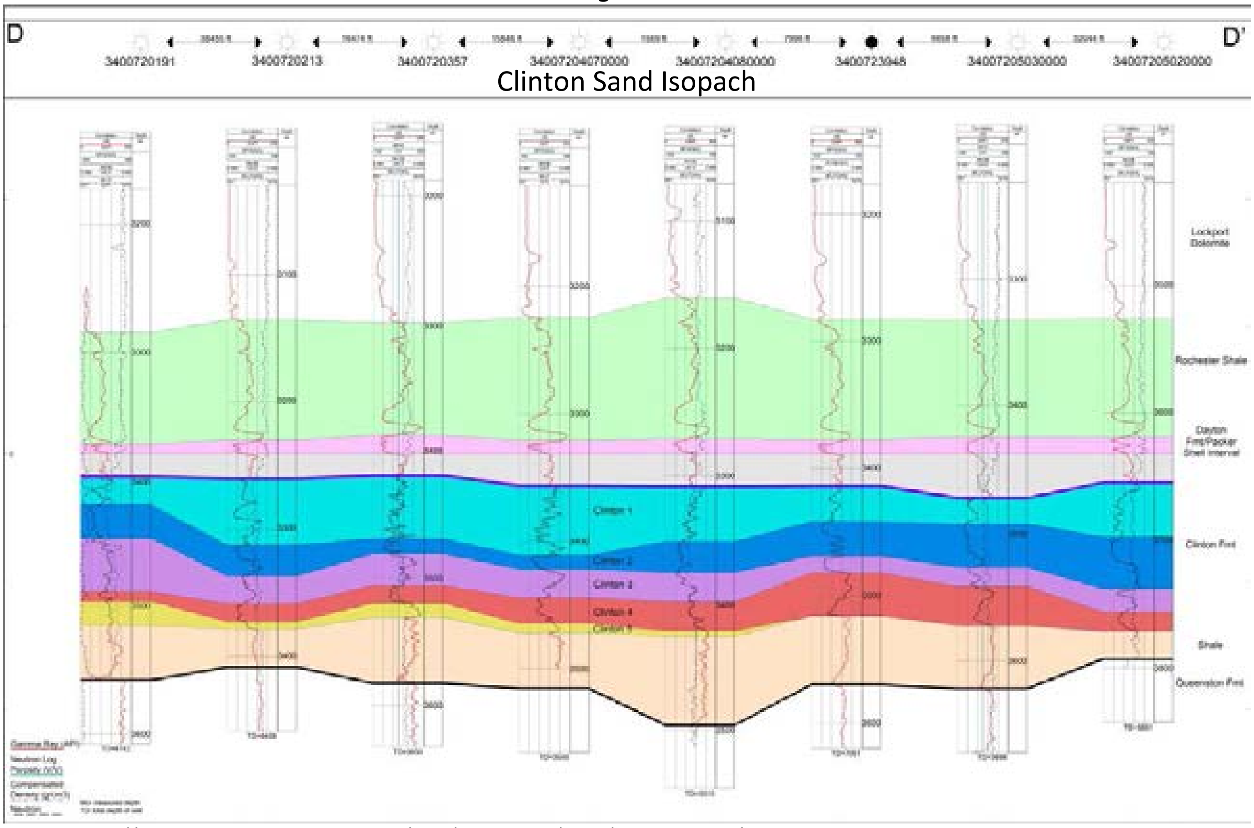
Figure 6



Clinton Sand Isopach

Source: http://www.searchanddiscovery.com/pdfz/documents/2012/50737bloxson/ndx_bloxson.pdf.html

The Cambrian Ordovician Age Knox Group play of the Appalachian Basin extends from northern Tennessee to south central Kentucky, through eastern Ohio and occurs in localized areas of northwestern Pennsylvania and western New York. The Knox Unconformity is a major erosional angular unconformity that truncates progressively younger beds of rock from southeastern Ohio in the northwestern direction. The truncation of these gently dipping Lower Ordovician and Cambrian carbonates and sandstones provide an excellent trap and seal for hydrocarbon accumulation. The Knox Group is usually subdivided into units, listed in descending stratigraphic order: Beekmantown dolomite, Rose Run sandstone, and the Upper Copper Ridge dolomite (Trempealeau).

The majority of the production in Pennsylvania and West Virginia is from Devonian and Mississippian aged formations. In Pennsylvania and West Virginia wells, multiple zones are typically hydraulically fractured and the production is commingled. For the wells included in this CPR, the primary productive formations in Pennsylvania wells include, but are not limited to, the Balltown, Bayard, Bradford, Elk, Fifth, Sheffield, Speechley, Tiona, and Warren, as referenced in *Figure 7*. In West Virginia, the major productive formations include the Alexander, Balltown, Benson, Big Injun, Big Lime, Elk, Fifth, Gordon, Riley, and Warren, as referenced in *Figure 8*. In general, sand thickness for these reservoirs ranges from 5 to 25 feet for any individual zone with cumulative net sand thickness ranging from 40 to 100 feet. A stratigraphic column summary is shown in *Figures 7* and *8* for Pennsylvania and West Virginia that depicts the relative positioning of the various productive zones.

Figure 7

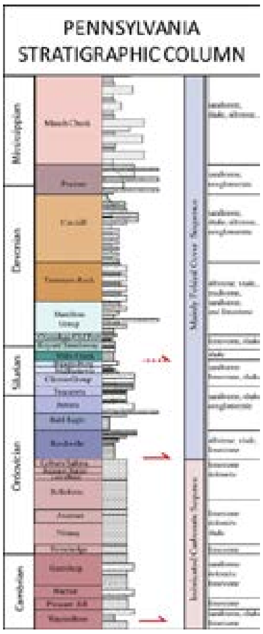
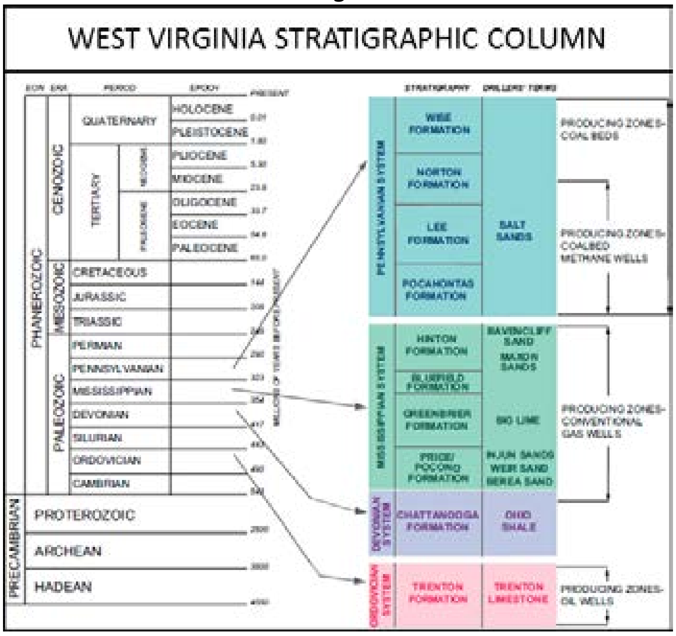


Figure 8



The Appalachian Basin has had a long history of oil and gas production and much of it has not been systematically recorded because of inadequate record-keeping in the early days. However, the U.S. Geological Survey (USGS) has estimated that the basin has produced over 3.5 billion barrels of oil and 44 trillion cubic feet of gas. This estimate was calculated for the vertical conventional production and was derived before any horizontal development started.

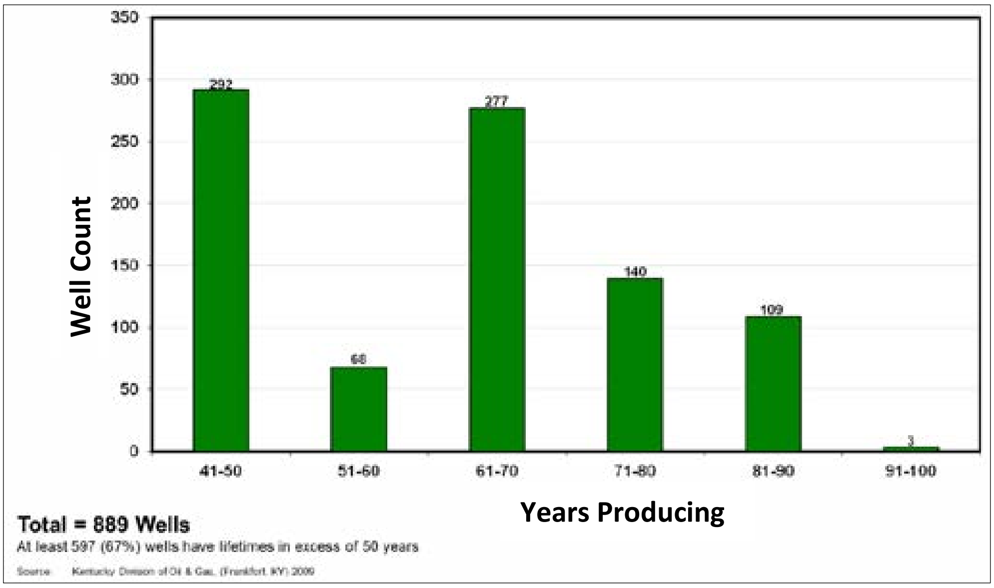
Since 2009, the primary target of the Appalachian Basin has been the horizontal drilling of the Marcellus and the Utica shale formations. These horizontal wells have very long laterals and allow more contact with the reservoirs. Very large hydraulic fracture treatments are needed in order to make these commercial. However, this concentration on the Marcellus and Utica shales does not preclude that conventional vertical wells are not profitable.

Almost all of the properties owned and/or operated by DGO are vertical wells producing from at least one of the formations previously described. Numerous wells are completed in multiple formations and production is commingled in the wellbore. Most of these properties may have additional productive formations up-hole from the existing producing formations, which may allow for future completion opportunities. Drilling and recompletion opportunities are considered relatively low-risk due to the widespread geology and the extensive mapping of the formations. During the last ten years, DGO has drilled over 150 wells with no dry holes.

All of the Mississippian, Devonian, and Silurian Age sands share similar geological and reservoir characteristics. All are considered “tight” sands with low permeability, which will require fracture treatments in order to obtain commercial production rates. The deposition of these sands yields a low-risk, high predictability of completion success.

Another similar characteristic for these formations is the production profile. Most of these formations produce gas and/or oil on a hyperbolic curve with an initial rapid decline followed by gradual decline of production for a very long time. A majority of the wells should have production life of at least 50 years, with some lasting in excess of 80 years. These wells produce very little, if any, water. As an example, Wright has performed an extensive study of the Big Sandy formation located throughout Kentucky in the Appalachian Basin. This study reviewed 889 wells completed in the Big Sandy in which the original completion date was known. As referenced in *Figure 9*, the data showed that approximately 67 percent of these wells have a well life in excess of 50 years with three wells having over 90 years of well life.

Figure 9



Wright considers that the scope of the CPR is appropriate and was prepared to a standard expected in accordance with the *Note on Mining and Oil & Gas Companies* issued by the LSE. It is Wright's opinion that the methodologies employed, the adequacy and quality of the data relied upon, the depth and thoroughness of the reserves estimation process, the classification of reserves based on the relevant definitions used, and the reasonableness of the estimated reserves quantities are appropriate for the purpose served by the report and are in accordance with the guidelines set forth by the SEC.

Based on Wright's knowledge and experience in evaluating thousands of wells in the Appalachian Basin, the primary factors that determine the amount of production and the life of the well are the initial rate, initial decline, the shape of the curve ("b" factor), and the final decline rate. The initial rate and initial decline for each well is determined by its reservoir quality, pressure, and the completion technique. The initial decline can be very rapid due to the production drainage from the fracture system. These values can vary greatly from well to well. The "b" factor may vary from well to well but generally ranges between 0.5 and 1.3. The final decline rates for these reservoirs are very low, indicating a steady drainage of the formation matrix. These rates are normally in the three to five percent range, and have been determined from actual performance.

There are many examples of wells in this report that have produced over 30 years, since the mid-1980's, with another potential 40 years or more of productive life remaining. *Figures 10 and 11* are two examples that demonstrate the longevity of these wells. These production profiles create long life wells with very predictable future production rates.

Figure 10

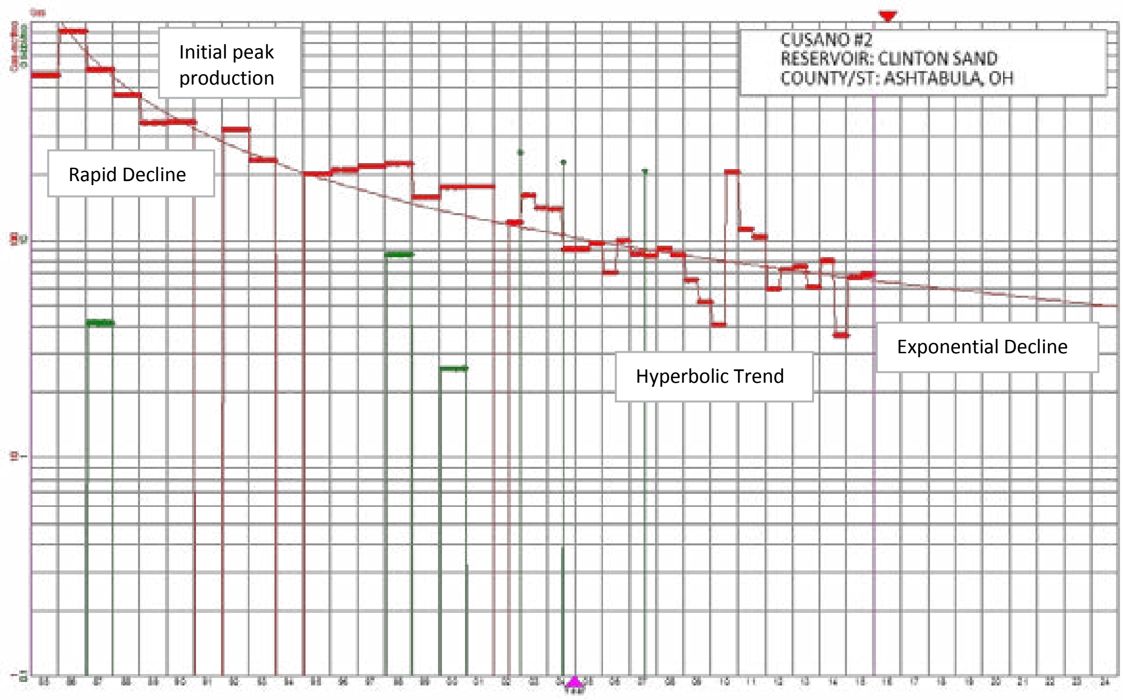
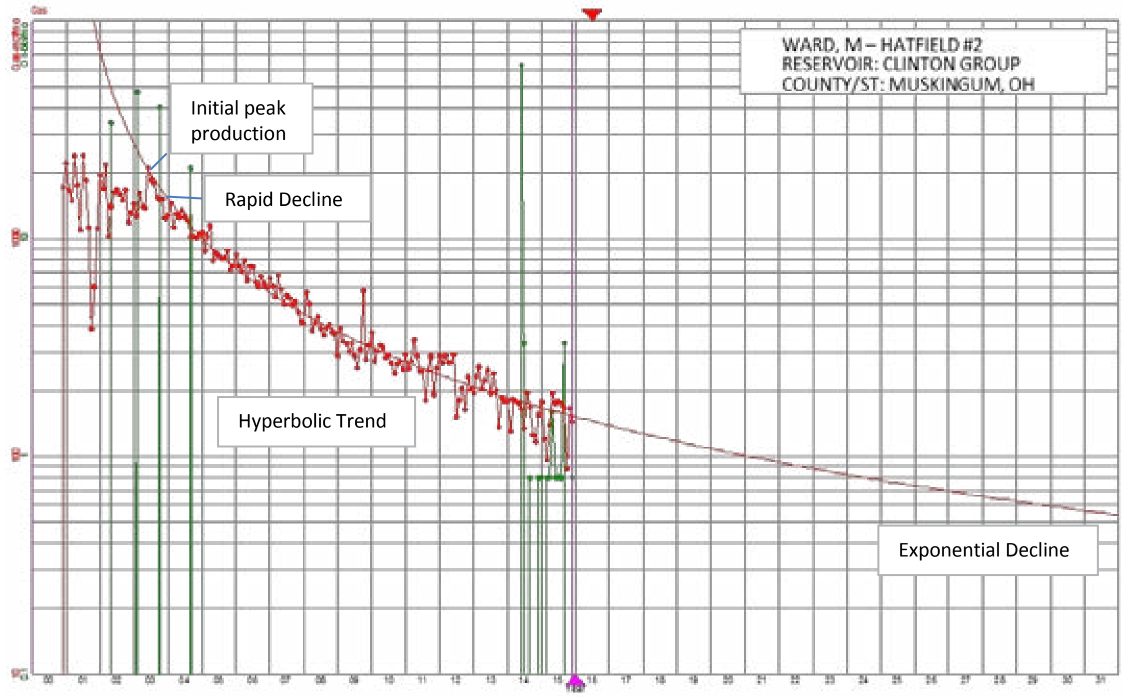


Figure 11



RESERVES AND VALUE BY STATE

The properties evaluated in this CPR include certain oil and gas properties located in Ohio, Pennsylvania, and West Virginia. The following table illustrates the Total Proved reserves, respective 10.0 percent cumulative discounted (Cum. Disc.) (BTAX) values, and the relative percent of the total 10.0 Cum. Disc. (BTAX) value for each state.

State	Net Oil, Mbbl	Net Gas, MMcf	Net NGL, Mbbl	10.0 % Cum. Disc. (BTAX) Value, M$	Percent of Total Proved 10.0 % Cum. Disc. (BTAX) Value, %
Ohio	1,687.247	30,754.956	0.000	26,371.684	21.09
Pennsylvania	138.286	100,065.328	0.000	79,001.888	63.19
West Virginia	446.092	22,874.892	20.305	19,649.300	15.72
TOTAL*	**2,271.625**	**153,695.200**	**20.305**	**125,022.864**	**100.00**

**It should be noted that some minor differences between the total summaries may exist due to rounding techniques in the ARIES™ software program.*

The Ohio properties consist of approximately 2,250 PDP, 469 PDNP, and 182 PUD wells and locations with 10.0 percent Cum. Disc. (BTAX) values of 27,896.766 M$, 0.000 M$, and -1,525.080 M$, respectively. Production from these legacy properties is mostly from vertical wells producing from widespread, well-mapped formations such as the Clinton/Medina and Upper Devonian series. Most wells produce little or no water and have very long, stable production histories that, in the opinion of Wright, can be reliably extrapolated into the future.

The Pennsylvania properties include 3,589 PDP and 37 PDNP wells located in Pennsylvania, which collectively have a Total Proved 10.0 percent Cum. Disc. (BTAX) of 79,001.888 M$ or 63.19 percent of the Company Total Proved value of 125,022.864 M$. These wells are located in various counties in western Pennsylvania. Production is primarily from the Lower Silurian Medina Group sandstones.

In West Virginia there are 756 PDP, 192 PDNP and PDNP-TA, 15 PDBP, and 20 PUD wells and locations in West Virginia, which have a Total Proved 10.0 percent Cum. Disc. (BTAX) values of 18,145.182 M$, 0.000 M$, 974.790 M$, and 529.327 M$, respectively, or 15.72 percent of the Company Total Proved value of 125,022.864 M$. These wells are located in various counties in West Virginia. Production is primarily from the Pennsylvanian, Mississippian, and Devonian Age formation.

PROPERTY ABANDONMENT AND SALVAGE

It should be noted that no abandonment costs were included in this evaluation in accordance with the instructions of DGO. According to DGO, the cost and liability for any Asset Retirement Obligations are determined by DGO and are subject to audit by an independent registered public accounting firm. DGO has estimated that abandonment costs can range between $8,500 and $15,000 per well after salvage value. Wright offers no opinion regarding DGO’s calculations for the abandonment costs and salvage values liabilities.

ENVIRONMENTAL CONSIDERATIONS

Wright is not aware of any potential environmental liabilities that may exist concerning the properties evaluated. There are no costs included in this evaluation for potential property restoration, liability, or clean up of damages, if any, that may be necessary due to past or future operating practices.

DIRECTOR'S PRIOR INTEREST IN ASSETS

DGO entered into a contribution agreement ("Contribution Agreement") and a separate assignment agreement ("Assignment Agreement") with Robert M. Post and Robert R. Hutson, Jr., each effective as of 1 November 2016. Under the terms of the Contribution Agreement, Mr Hutson and Mr Post agreed to contribute their interests in Diversified Oil & Gas, LLC and Diversified Appalachian Group, LLC to the capital of DGO. In accordance with the subsequent Assignment Agreement, Mr Hutson and Mr Post have assigned their interest (which collectively amounts to 100% ownership) in Diversified Oil & Gas, LLC and Diversified Appalachian Group, LLC to DGO.

Also pursuant to the Contribution Agreement, DGO entered into a separate assignment agreement by and between DGO and Diversified Gas & Oil Corporation, effective as of 1 November 2016, under the terms of which DGO assigned its interest in Diversified Oil & Gas, LLC and Diversified Appalachian Group, LLC to Diversified Gas & Oil Corporation immediately after the Assignment Agreement became effective.

Further details of these agreements are set out in paragraphs 12.23 to 12.25 of Part VIII of the admission document.

CONCLUSIONS

Based on data and information provided by DGO, and the specified economic parameters, operating conditions, and government regulations considered applicable at the effective date, it is Wright's conclusion that this CPR provides a fair and accurate representation of the oil and gas reserves to the interests of DGO in those certain properties included in this CPR.

Wright considers that the scope of the CPR is appropriate and was prepared to a standard expected in accordance with the *Note on Mining and Oil & Gas Companies* issued by the LSE. It is Wright's opinion that the methodologies employed, the adequacy and quality of the data relied upon, the depth and thoroughness of the reserves estimation process, the classification of reserves based on the relevant definitions used, and the reasonableness of the estimated reserves quantities are appropriate for the purpose served by the CPR and are in accordance with the guidelines set forth by the AIM rules.

PROFESSIONAL QUALIFICATIONS

The professional qualifications, shown in **Exhibit H**, of the petroleum consultants responsible for the evaluation of the reserves and economics information presented in this CPR meet the standards of Reserves Estimator as defined in the *Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information* as promulgated by the SPE, and the CPR has been prepared in accordance with these standards. The professional qualifications also meet the Competent Person (CP) requirements published by AIM in the *Note For Mining And Oil & Gas Companies – June 2009.* **Exhibit I** contains certain confirmations of Wright pertaining to the CPR in accordance with the AIM rules.

Wright & Company, Inc.

By: D. Randall Wright

D. Randall Wright, P.E.
TX Reg. No. F-12302

Appendix 1

SUMMARY TABLE OF ASSETS

Oil & Gas

Asset	Operator	Interest %	Status	Expiration Date	Total Lease Area (acres)	Comments
Ohio, Pennsylvania, West Virginia	Various	95 (average)	Production	None – Held by Production	1,033,500	Current gross operated production at 23,500 mcfd and 475 bod
Ohio	Diversified	100	Development	None – Held by Production	164,000	Development drilling program of 202 wells during 2017 through 2022

The Company currently has an interest in approximately 7,500 wells in the states of Ohio, Pennsylvania, and West Virginia and is listed as the operator in the majority of these wells.

The Company currently has leasehold of over 164,000 acres in Ohio, 863,000 acres in Pennsylvania, and 6,500 acres in West Virginia. None of this leasehold has any expiration dates because it is all held by the production of the existing wells.

The Company has a development plan for the addition of 202 vertical wells currently listed as Proved Undeveloped (PUD) starting in 2017 through 2022. These wells are located in areas of established production and are relatively low-risk with high chances of success. These wells will be targeting several formations such as the Berea, Clinton, Newburg, Ohio, Oriskany, and others as needed. Some of these wells may be completed in multiple formations and commingled in the wellbore.

With all of the recent acquisitions made by the Company, there is a high probability of other potential areas for development that have not been fully explored at this time.

Exhibit A

DIVERSIFIED GAS & OIL PLC

Summary of Results – Oil and Gas Reserves

(all figures in bbls and mcf)	**Gross**			**Net attributable**			**Operator**
	Proved	Proved & Probable	Proved, Probable & Possible	Proved	Proved & Probable	Proved, Probable & Possible	Diversified Gas & Oil PLC
Oil & Natural Gas Liquids reserves per asset From production to planned for development	5,425,022	5,425,022	5,425,022	2,291,930	2,291,930	2,291,930	Diversified Gas & Oil PLC
Total for Oil & Natural Gas Liquids	5,425,022	5,425,022	5,425,022	2,291,930	2,291,930	2,291,930	Diversified Gas & Oil PLC
Gas reserves per asset From production to planned for development	309,057,856	309,057,856	309,057,856	153,695,184	153,695,184	153,695,184	Diversified Gas & Oil PLC
Total for Gas	309,057,856	309,057,856	309,057,856	153,695,184	153,695,184	153,695,184	Diversified Gas & Oil PLC

Source: D. Randall Wright, P.E.

Note: "Operator" is name of the company that operates the asset
"Gross" are 100% of the reserves and/or resources attributable to the license whilst "Net attributable" are those attributable to the AIM company

bbls – Barrels
mcf – Thousand Standard Cubic Feet

<u>Exhibit B</u>
SPE Petroleum Reserves Definitions

Reserves derived under these definitions rely on the integrity, skill, and judgment of the evaluator and are affected by the geological complexity, stage of development, degree of depletion of the reservoirs, and amount of available data. Use of these definitions should sharpen the distinction between the various classifications and provide more consistent reserves reporting.

Definitions

Reserves are those quantities of petroleum which are anticipated to be commercially recovered from known accumulations from a given date forward. All reserve estimates involve some degree of uncertainty. The uncertainty depends chiefly on the amount of reliable geologic and engineering data available at the time of the estimate and the interpretation of these data. The relative degree of uncertainty may be conveyed by placing reserves into one of two principal classifications, either proved or unproved. Unproved reserves are less certain to be recovered than proved reserves and may be further sub-classified as probable and possible reserves to denote progressively increasing uncertainty in their recoverability.

The intent of the Society of Petroleum Engineers (SPE) and World Petroleum Council (WPC, formerly World Petroleum Congresses) in approving additional classifications beyond proved reserves is to facilitate consistency among professionals using such terms. In presenting these definitions, neither organization is recommending public disclosure of reserves classified as unproved. Public disclosure of the quantities classified as unproved reserves is left to the discretion of the countries or companies involved.

Estimation of reserves is done under conditions of uncertainty. The method of estimation is called deterministic if a single best estimate of reserves is made based on known geological, engineering, and economic data. The method of estimation is called probabilistic when the known geological, engineering, and economic data are used to generate a range of estimates and their associated probabilities.

Identifying reserves as proved, probable, and possible has been the most frequent classification method and gives an indication of the probability of recovery. Because of potential differences in uncertainty, caution should be exercised when aggregating reserves of different classifications.

Reserves estimates will generally be revised as additional geologic or engineering data becomes available or as economic conditions change. Reserves do not include quantities of petroleum being held in inventory, and may be reduced for usage or processing losses if required for financial reporting.

Reserves may be attributed to either natural energy or improved recovery methods. Improved recovery methods include all methods for supplementing natural energy or altering natural forces in the reservoir to increase ultimate recovery. Examples of such methods are pressure maintenance, cycling, water flooding, thermal methods, chemical flooding, and the use of miscible and immiscible displacement fluids. Other improved recovery methods may be developed in the future as petroleum technology continues to evolve.

Proved Reserves

Proved reserves are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods, and government regulations. Proved reserves can be categorized as developed or undeveloped.

If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

Establishment of current economic conditions should include relevant historical petroleum prices and associated costs and may involve an averaging period that is consistent with the purpose of the reserve estimate, appropriate contract obligations, corporate procedures, and government regulations involved in reporting these reserves.

In general, reserves are considered proved if the commercial producibility of the reservoir is supported by actual production or formation tests. In this context, the term proved refers to the actual quantities of petroleum reserves and not just the productivity of the well or reservoir. In certain cases, proved reserves may be assigned on the basis of well logs and/or core analysis that indicate the subject reservoir is hydrocarbon bearing and is analogous to reservoirs in the same area that are producing or have demonstrated the ability to produce on formation tests.

The area of the reservoir considered as proved includes (1) the area delineated by drilling and defined by fluid contacts, if any, and (2) the undrilled portions of the reservoir that can reasonably be judged as commercially productive on the basis of available geological and engineering data. In the absence of data on fluid contacts, the lowest known occurrence of hydrocarbons controls the proved limit unless otherwise indicated by definitive geological, engineering or performance data.

Reserves may be classified as proved if facilities to process and transport those reserves to market are operational at the time of the estimate or there is a reasonable expectation that such facilities will be installed. Reserves in undeveloped locations may be classified as proved undeveloped provided (1) the locations are direct offsets to wells that have indicated commercial production in the objective formation, (2) it is reasonably certain such locations are within the known proved productive limits of the objective formation, (3) the locations conform to existing well spacing regulations where applicable, and (4) it is reasonably certain the locations will be developed. Reserves from other locations are categorized as proved undeveloped only where interpretations of geological and engineering data from wells indicate with reasonable certainty that the objective formation is laterally continuous and contains commercially recoverable petroleum at locations beyond direct offsets.

Reserves which are to be produced through the application of established improved recovery methods are included in the proved classification when (1) successful testing by a pilot project or favorable response of an installed program in the same or an analogous reservoir with similar rock and fluid properties provides support for the analysis on which the project was based, and, (2) it is reasonably certain that the project will proceed. Reserves to be recovered by improved recovery methods that have yet to be established through commercially successful applications are included in the proved classification only (1) after a favorable production response from the subject reservoir from either (a) a representative pilot or (b) an installed program where the response provides support for the analysis on which the project is based and (2) it is reasonably certain the project will proceed.

Unproved Reserves

Unproved reserves are based on geologic and/or engineering data similar to that used in estimates of proved reserves; but technical, contractual, economic, or regulatory uncertainties preclude such reserves being classified as proved. Unproved reserves may be further classified as probable reserves and possible reserves.

Unproved reserves may be estimated assuming future economic conditions different from those prevailing at the time of the estimate. The effect of possible future improvements in economic conditions and technological developments can be expressed by allocating appropriate quantities of reserves to the probable and possible classifications.

Probable Reserves

Probable reserves are those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable reserves.

In general, probable reserves may include (1) reserves anticipated to be proved by normal step-out drilling where sub-surface control is inadequate to classify these reserves as proved, (2) reserves in formations that appear to be productive based on well log characteristics but lack core data or definitive tests and which are not analogous to producing or proved reservoirs in the area, (3) incremental reserves attributable to infill drilling that could have been classified as proved if closer statutory spacing had been approved at the time of the estimate, (4) reserves attributable to improved recovery methods that have been established by repeated commercially successful applications when (a) a project or pilot is planned but not in operation and (b) rock, fluid, and reservoir characteristics appear favorable for commercial application, (5) reserves in an area of the formation that appears to be separated from the proved area by faulting and the geologic interpretation indicates the subject area is structurally higher than the proved area, (6) reserves attributable to a future workover, treatment, re-treatment, change of equipment, or other mechanical procedures, where such procedure has not been proved successful in wells which exhibit similar behavior in analogous reservoirs, and (7) incremental reserves in proved reservoirs where an alternative interpretation of performance or volumetric data indicates more reserves than can be classified as proved.

Possible Reserves

Possible reserves are those unproved reserves which analysis of geological and engineering data suggests are less likely to be recoverable than probable reserves. In this context, when probabilistic methods are used, there should be at least a 10% probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable plus possible reserves.

In general, possible reserves may include (1) reserves which, based on geological interpretations, could possibly exist beyond areas classified as probable, (2) reserves in formations that appear to be petroleum bearing based on log and core analysis but may not be productive at commercial rates, (3) incremental reserves attributed to infill drilling that are subject to technical uncertainty, (4) reserves attributed to improved recovery methods when (a) a project or pilot is planned but not in operation and (b) rock, fluid, and reservoir characteristics are such that a reasonable doubt exists that the project will be commercial, and (5) reserves in an area of the formation that appears to be separated from the proved area by faulting and geological interpretation indicates the subject area is structurally lower than the proved area.

Reserve Status Categories

Reserve status categories define the development and producing status of wells and reservoirs.

Developed**:** Developed reserves are expected to be recovered from existing wells including reserves behind pipe. Improved recovery reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor. Developed reserves may be subcategorized as producing or non-producing.

Producing**:** Reserves subcategorized as producing are expected to be recovered from completion intervals which are open and producing at the time of the estimate. Improved recovery reserves are considered producing only after the improved recovery project is in operation.

Non-producing**:** Reserves subcategorized as non-producing include shut-in and behind-pipe reserves. Shut-in reserves are expected to be recovered from (1) completion intervals which are open at the time of the estimate but which have not started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe reserves are expected to be recovered from zones in existing wells, which will require additional completion work or future recompletion prior to the start of production.

Undeveloped Reserves**:** Undeveloped reserves are expected to be recovered: (1) from new wells on undrilled acreage, (2) from deepening existing wells to a different reservoir, or (3) where a relatively large expenditure is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

Approved by the Board of Directors, Society of Petroleum Engineers (SPE) Inc., and the Executive Board, World Petroleum Council (WPC), March 1997

<u>Exhibit C</u>
DIVERSIFIED GAS & OIL PLC
Glossary of Terms

The terms defined below may be used throughout this CPR.

Bbl. One barrel of crude oil, condensate, or other liquids equal to 42 U.S. gallons.

Bcf. Billion cubic feet.

Bcfe. Billion cubic feet of natural gas equivalent.

Btu. British thermal unit, which is the heat required to raise the temperature of a one-pound mass of water from 58.5 degrees Fahrenheit to 59.5 degrees Fahrenheit under specific conditions.

Development Well. A well drilled within the proved area of an oil or gas reservoir to the depth of a stratigraphic horizon known to be productive in an attempt to recover proved undeveloped reserves.

Dry hole. A well found to be incapable of producing either oil or natural gas in a sufficient quantities to justify completion as an oil or gas well.

Gross acres or gross wells. The total acres or wells, as the case may be, in which a working interest is owned.

Lease operating expense. Costs incurred to operate and maintain wells and related equipment and facilities, including applicable operating costs of support equipment and facilities and other costs of operating and maintaining those wells and related equipment and facilities.

Mbbl. One thousand barrels.

Mcf. One thousand cubic feet.

Mcfd. One thousand cubic feet per day.

Mcfe. One thousand cubic feet of natural gas equivalent.

Mcfed. One thousand cubic feet of natural gas equivalent per day.

MMbbl. One million barrels.

MMBtu. One million Btus.

MMcf. One million cubic feet.

MMcfd. One million cubic feet per day.

MMcfe. One million cubic feet of natural gas equivalent.

Natural gas equivalent. Cubic feet of natural gas equivalent, determined using the ratio of one Bbl of crude oil, condensate or natural gas liquids to six Mcf of natural gas.

Net acres or net wells. The sum of the fractional working interests owned in gross acres or gross wells.

Net oil and gas sales. Oil and natural gas sales less oil and natural gas production.

Oil Equivalent. Barrels of oil equivalent, determined using the ratio of one Mcf of natural gas to one-sixth Bbl of oil.

Overriding royalty interest. A royalty interest that is carved out of a lessee's working interest under an oil and gas lease.

Present Value. The pre-tax present value, discounted at 10% per annum, of future net cash flows from estimated proved reserves (including the estimated cost of abandonment and future development), calculated holding prices and costs constant at amounts in effect on the date of the estimate (unless such prices or costs are subject to change pursuant to contractual provisions) and in all instances in accordance with the Commission's rules for inclusion of oil and gas revere information in financial statements filed with the Commission. The difference between the Present Value and the standardized measure of discounted future net cash flows is the present value of income taxes applicable to such future net cash flows.

Productive well. A well that is producing oil and gas or that is capable of production.

Proved developed producing reserves. Proved developed reserves that are expected to be recovered from currently producing zones under the continuation of present operating methods through existing wells with existing equipment and operating methods.

Proved reserves. The estimated quantities of crude oil, natural gas, and natural gas liquids with geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions.

Proved undeveloped reserves. Proved reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

Recompletion. The completion for production of an existing well bore in another formation from that in which the well has been previously completed.

Reserve life index. Calculated by dividing year-end proved reserves by annual production from the most recent year.

Spud. To start (or restart) the drilling of a new well.

Standardized measure of discounted future net cash flows. The present value, discounted at 10% per annum, of future net cash flows from estimated proved reserves after income taxes, calculated holding prices and costs constant at amounts in effect on the date of the estimate (unless such prices or costs are subject to change pursuant to contractual provisions) and in all instances in accordance with the Commission's rules for inclusion of oil and gas reserve information in financial statements filed with the Commission.

Term overriding royalty interest. An overriding royalty interest with a fixed duration.

Undeveloped acreage. Lease acreage on which wells have not been participated in or completed to a point that would permit the production of commercial quantities of oil and gas regardless of whether such acreage contains proved reserves.

Waterflood. The injection of water into a reservoir to fill pores vacated by produced fluids, thus maintaining reservoir pressure and assisting production.

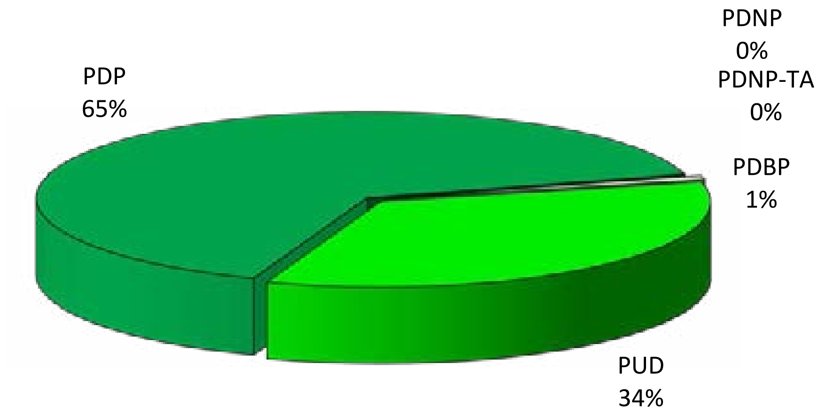
Working interest. A cost bearing interest which gives the owner the right to drill, produce, and conduct oil and gas operations on the property, as well as a right to a share of production therefrom.

Workover. Operations on a producing well to restore or increase production.

WTI. West Texas Intermediate

Exhibit D1
DIVERSIFIED GAS & OIL PLC
Total Proved by Reserves Category

Net Oil & NGL Reserves



Net Gas Reserves

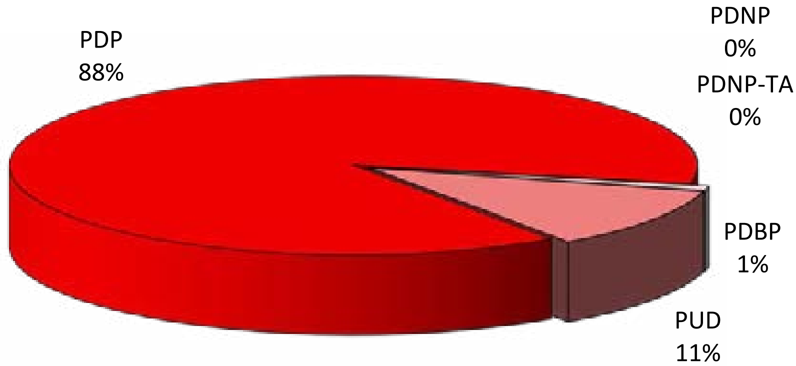
*PDP - Proved Developed Producing

*PDNP - Proved Developed Nonproducing

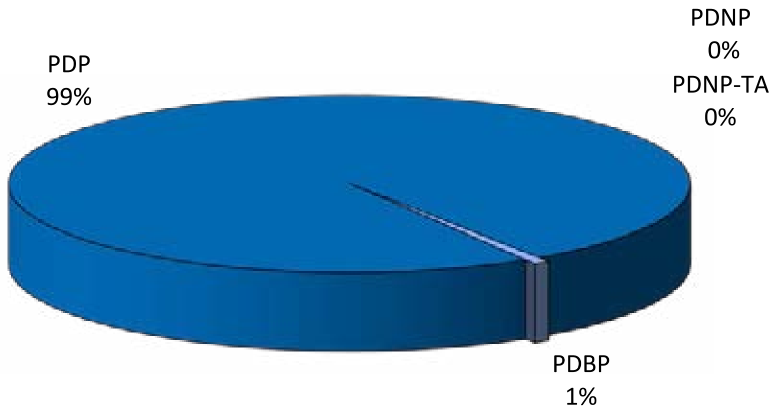
*PDNP-TA - Proved Developed Nonproducing - Temporarily Abandoned

*PDBP - Proved Developed Behind Pipe

*PUD - Proved Undeveloped



10.0 Percent Cum. Disc. (BTAX) Value



**Please note that the PUD category has a negative 10.0 Percent Cum. Disc. (BTAX) value.*

RESCAT TOTALS

						TOTAL	%					
	PDP	**PDNP**	**PDNP-TA**	**PDBP**	**PUD**		**PDP**	**PDNP**	**PDNP-TA**	**PDBP**	**PUD**	
GAS	135,402.528	0.000	0.000	1,315.155	16,977.508	153,695.191	88.10%	0.00%	0.00%	0.86%	11.05%	100.00%
	PDP	**PDNP**	**PDNP-TA**	**PDBP**	**PUD**		**PDP**	**PDNP**	**PDNP-TA**	**PDBP**	**PUD**	
OIL	1,469.893	0.000	0.000	17.097	784.635	2,271.625	64.71%	0.00%	0.00%	0.75%	34.54%	100.00%
	PDP	**PDNP**	**PDNP-TA**	**PDBP**	**PUD**		**PDP**	**PDNP**	**PDNP-TA**	**PDBP**	**PUD**	
NGL	20.305	0.000	0.000	0.000	0.000	20.305	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
	PDP	**PDNP**	**PDNP-TA**	**PDBP**	**PUD**		**PDP**	**PDNP**	**PDNP-TA**	**PDBP**	**PUD**	
OIL & NGL	1,490.198	0.000	0.000	17.097	784.635	2,291.930	65.02%	0.00%	0.00%	0.75%	34.23%	100.00%
	PDP	**PDNP**	**PDNP-TA**	**PDBP**	**PUD**		**PDP**	**PDNP**	**PDNP-TA**	**PDBP**	**PUD**	
PW10	125,043.832	0.000	0.000	974.790	-995.753	125,022.869	100.02%	0.00%	0.00%	0.78%	-0.80%	100.00%

Green	**Red**	**Blue**
RGB: 0/128/0 HSL: 85/255/64	RGB: 180/0/0 HSL: 0/255/90	RGB: 28/66/11; HSL: 151/153/70
RGB: 0/176/0 HSL: 85/255/88	RGB: 220/0/0 HSL: 0/255/110	RGB: 35/83/14 HSL: 151/154/88
RGB: 0/224/0 HSL: 85/255/112	RGB: 255/5/5 HSL: 0/255/130	RGB: 43/102/1' HSL: 151/153/108
RGB: 17/255/1' HSL: 85/255/136	RGB: 255/45/4: HSL: 0/255/150	RGB: 52/121/2(HSL: 151/153/128
RGB: 65/255/6: HSL: 85/255/160	RGB: 255/85/8: HSL: 0/255/170	RGB: 84/142/2 HSL: 151/153/148
RGB: 113/255/ HSL: 85/255/184	RGB: 255/125/ HSL: 0/255/190	RGB: 116/163/: HSL: 151/152/168
RGB: 161/255/ HSL: 85/255/208	RGB: 255/165/ HSL: 0/255/210	RGB: 148/184/: HSL: 151/152/188
RGB: 209/255/: HSL: 85/255/232	RGB: 255/205/: HSL: 0/255/230	RGB: 180205/2 HSL: 151/152/208
		RGB: 212/226/: HSL: 152/151/228
		RGB: 244/247/: HSL: 154/146/248

OIL & NGL

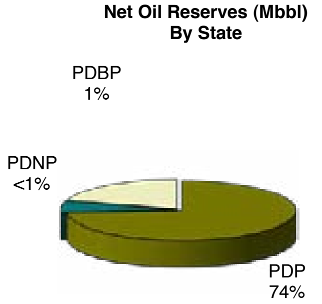
OH	PA	WV		OH	PA	WV	
1,687.247	138.286	466.397	2,291.930	74%	6%	20%	100%

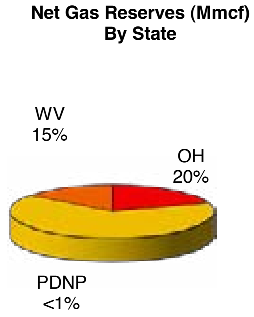
GAS

OH	PA	WV		OH	PA	WV	
30,754.956	100,065.328	22,874.892	153,695.176	20%	65%	15%	100%

PV10

OH	PA	WV		OH	PA	WV	
26,371.684	79,001.888	19,649.300	125,022.872	21%	63%	16%	100%





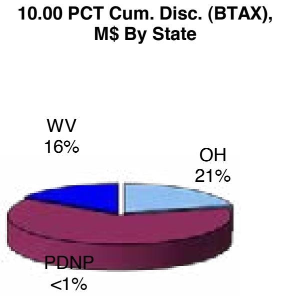
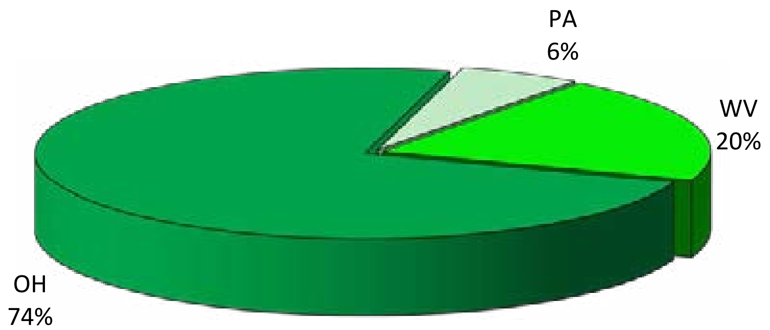


Exhibit D2

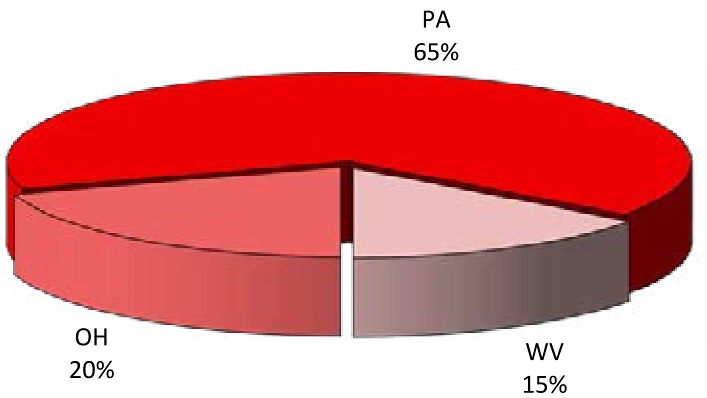
DIVERSIFIED GAS & OIL PLC

Total Proved by State

Net Oil & NGL Reserves



Net Gas Reserves



*OH - Ohio

*PA - Pennsylvania

*WV - West Virginia

10.0 Percent Cum. Disc. (BTAX) Value

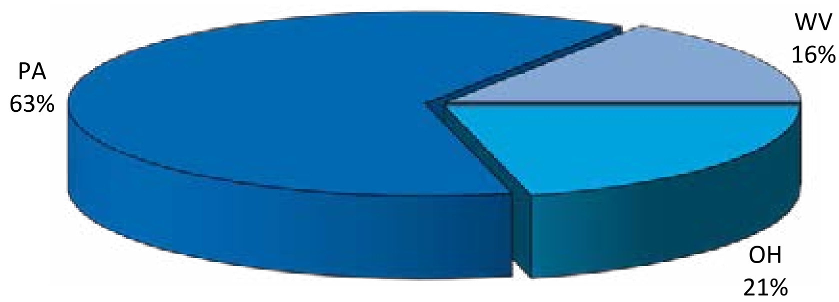
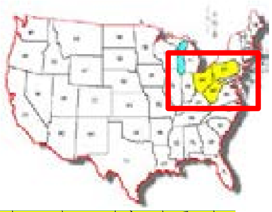


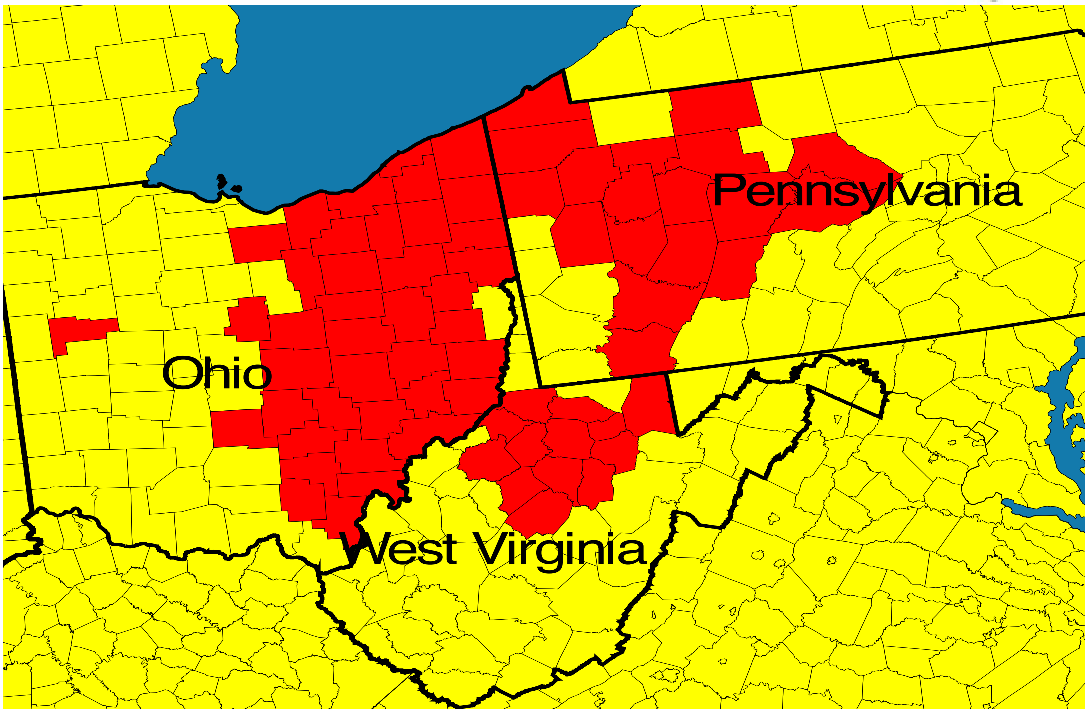
Exhibit E

Location of Evaluated Interests

DIVERSIFIED GAS & OIL PLC

Ohio, Pennsylvania, and West Virginia Properties





STATE	**COUNTIES**
Ohio	Ashland, Ashtabula, Athens, Auglaize, Belmont, Carroll, Columbiana, Coshocton, Cuyahoga, Fairfield, Gallia, Geauga, Guernsey, Harrison, Hocking, Holmes, Huron, Jackson, Knox, Lake, Licking, Lorain, Mahoning, Medina, Meigs, Monroe, Morgan, Morrow, Muskingum, Noble, Perry, Pickaway, Portage, Stark, Summit, Trumbull, Tuscarawas, Vinton, Washington, Wayne
Pennsylvania	Armstrong, Butler, Cambria, Centre, Clarion, Clearfield, Clinton, Crawford, Elk, Erie, Fayette, Forest, Indiana, Jefferson, McKean, Mercer, Venango, Westmoreland
West Virginia	Barbour, Braxton, Doddridge, Gilmer, Harrison, Lewis, Marion, Preston, Ritchie, Taylor, Tyler, Upshur, Wetzel

Exhibit F1

TOTAL PROVED (PDP, PDNP, PDNP-TA, PDBP & PUD)
PROPERTIES LOCATED IN OH, PA & WV
TO THE INTERESTS OF
DIVERSIFIED GAS & OIL PLC

DATE : 09/30/2016
TIME : 11:27:24
SETUP : WRI0816
SCENARIO : DRI0816

R E S E R V E S   A N D   E C O N O M I C S

UTILIZING SPECIFIED ECONOMICS

JOB 16.1800

EFFECTIVE DATE: 08/2016

--END--	----------GROSS PRODUCTION----------			----------NET PRODUCTION----------			-------- PRICES --------			
MO-YEAR	OIL, MBBL	GAS, MMCF	NGL, MBBL	OIL, MBBL	GAS, MMCF	NGL, MBBL	OIL $/B	GAS $/M	NGL $/B	TOTAL REVENUE, M$
12-2016	65.749	8506.967	91.358	48.854	3298.534	0.732	40.98	2.950	13.65	11882.711
12-2017	150.522	18477.310	188.252	111.951	7565.272	1.505	45.22	3.145	15.06	29143.294
12-2018	166.392	16991.524	158.344	126.923	7548.558	1.263	48.18	3.005	16.03	29012.736
12-2019	174.705	15749.368	138.003	135.981	7390.784	1.099	49.91	2.980	16.63	28989.904
12-2020	172.997	14714.105	123.083	136.122	7172.607	0.979	51.31	3.038	17.10	28919.816
12-2021	171.434	13898.506	111.582	136.179	6988.440	0.887	52.41	3.163	17.47	29367.880
12-2022	168.254	13192.664	102.397	134.895	6795.488	0.813	52.93	3.328	17.64	29867.398
12-2023	152.221	12278.812	94.863	122.031	6347.045	0.753	52.93	3.510	17.64	28836.448
12-2024	133.247	11374.446	88.551	106.405	5849.970	0.702	52.93	3.699	17.64	27360.312
12-2025	119.755	10657.635	83.174	95.481	5473.284	0.659	52.93	3.880	17.64	26367.780
12-2026	109.127	10046.773	78.519	87.026	5156.834	0.622	52.93	4.054	17.64	25559.092
12-2027	100.491	9509.939	74.362	80.057	4882.848	0.589	52.93	4.223	17.64	24869.812
12-2028	93.110	9023.796	70.525	74.138	4637.896	0.558	52.93	4.394	17.64	24312.248
12-2029	86.300	8575.462	66.938	68.714	4414.043	0.530	52.93	4.679	17.64	24299.696
12-2030	80.244	8153.147	63.570	63.922	4203.264	0.503	52.93	4.679	17.64	23059.344
S TOT	1944.550	181150.432	1533.522	1528.678	87724.864	12.193	51.13	3.558	16.77	391848.448
AFTER	925.416	127907.432	1021.535	742.946	65970.320	8.112	52.93	4.679	17.64	348142.240
TOTAL	2869.966	309057.856	2555.056	2271.625	153695.184	20.305	51.72	4.039	17.12	739990.656

--END--	--------OPERATIONS, M$--------			--------------CAPITAL COSTS, M$--------------					CUM.	10.0%
MO-YEAR	ADVALOREM TAXES	SEVERANCE TAXES	NET OPER EXPENSES	TANGIBLE INVEST.	INTANG. INVEST.	TOTAL INVEST.	ABANDON & SALVAGE	CASH FLOW BTAX, M$	CASH FLOW BTAX, M$	CUM. DISC BTAX, M$
12-2016	103.681	133.486	4733.851	0.000	0.000	0.000	0.000	6911.684	6911.684	6772.830
12-2017	244.655	333.484	11124.717	560.142	1969.282	2529.425	0.000	14911.011	21822.694	20514.934
12-2018	305.232	391.485	10764.865	2805.712	8493.412	11299.125	0.000	6252.022	28074.716	25710.594
12-2019	353.884	380.660	10368.722	2081.250	6243.750	8325.000	0.000	9561.672	37636.388	32955.224
12-2020	380.850	356.433	10071.317	2025.000	6075.000	8100.000	0.000	10011.253	47647.640	39847.976
12-2021	408.963	343.671	9865.398	2081.250	6243.750	8325.000	0.000	10424.866	58072.504	46371.128
12-2022	431.228	334.843	9697.514	2025.000	6075.000	8100.000	0.000	11303.824	69376.328	52803.484
12-2023	397.957	317.666	9497.041	0.000	0.000	0.000	0.000	18623.756	88000.080	62451.876
12-2024	348.541	299.604	9242.921	0.000	0.000	0.000	0.000	17469.236	105469.312	70676.624
12-2025	317.133	286.085	9015.994	0.000	0.000	0.000	0.000	16748.551	122217.864	77844.528
12-2026	294.131	274.816	8803.271	0.000	0.000	0.000	0.000	16186.926	138404.784	84142.248
12-2027	275.926	265.053	8613.216	0.000	0.000	0.000	0.000	15715.574	154120.352	89700.416
12-2028	261.033	256.479	8437.154	0.000	0.000	0.000	0.000	15357.590	169477.936	94638.288
12-2029	251.106	251.986	8260.207	0.000	0.000	0.000	0.000	15536.375	185014.304	99178.672
12-2030	235.330	238.097	8063.478	0.000	0.000	0.000	0.000	14522.415	199536.720	103036.848
S TOT	4609.652	4463.847	136559.648	11578.355	35100.192	46678.552	0.000	199536.720	199536.720	103036.848
AFTER	3052.916	3253.806	154230.000	0.000	0.000	0.000	0.000	187605.616	387142.368	125022.888
TOTAL	7662.568	7717.653	290789.632	11578.355	35100.192	46678.552	0.000	387142.336	387142.368	125022.888

	OIL	GAS
GROSS WELLS	597.0	6913.0
GROSS ULT., MB & MMF	9686.736	699934.144
GROSS CUM., MB & MMF	6816.771	390876.320
GROSS RES., MB & MMF	2869.965	309057.824
NET RES., MB & MMF	2271.624	153695.152
NET REVENUE, M$	117487.000	620795.776
INITIAL N.I., PCT.	74.201	41.119
FINAL N.I., PCT.	77.395	41.139

LIFE, YRS.	50.00
DISCOUNT %	10.00
UNDISCOUNTED PAYOUT, YRS.	0.00
DISCOUNTED PAYOUT, YRS.	0.00
RATE-OF-RETURN, PCT.	100.00
DISCOUNTED NET/INVEST.	4.74
INITIAL W.I., PCT.	98.826
FINAL W.I., PCT.	42.839

P.W. %	P.W., M$
0.00	387142.496
5.00	198666.352
10.00	125022.736
15.00	88938.784
20.00	68490.880
25.00	55707.884
30.00	47131.420
35.00	41060.384
40.00	36577.448
50.00	30458.476

WRIGHT & COMPANY, INC.
BRENTWOOD, TENNESSEE
D. RANDALL WRIGHT / PROJECT MANAGER
JOHNNY STAMPER / SR. PETROLEUM CONSULTANT
STEPHANIE L. MATLOCK / TECHNICAL ANALYST

Exhibit F1

TOTAL PROVED DEVELOPED (PDP, PDNP, PDNP-TA, & PDBP)
PROPERTIES LOCATED IN OH, PA & WV
TO THE INTERESTS OF
DIVERSIFIED GAS & OIL PLC

DATE : 09/30/2016
TIME : 11:51:46
SETUP : WRI0816
SCENARIO : DRI0816

R E S E R V E S   A N D   E C O N O M I C S

UTILIZING SPECIFIED ECONOMICS

JOB 16.1800

EFFECTIVE DATE: 08/2016

--END--	----------GROSS PRODUCTION----------			----------NET PRODUCTION----------			-------- PRICES --------			
MO-YEAR	OIL, MBBL	GAS, MMCF	NGL, MBBL	OIL, MBBL	GAS, MMCF	NGL, MBBL	OIL $/B	GAS $/M	NGL $/B	TOTAL REVENUE, M$
12-2016	65.749	8506.967	91.358	48.854	3298.534	0.732	40.98	2.950	13.65	11882.711
12-2017	149.576	18438.536	188.252	111.154	7532.688	1.505	45.22	3.145	15.06	29002.942
12-2018	138.220	16423.301	158.344	102.786	7058.916	1.263	48.11	3.008	16.03	26394.784
12-2019	126.070	14775.324	138.003	94.030	6545.206	1.099	49.89	2.982	16.63	24380.614
12-2020	115.700	13501.514	123.083	86.459	6116.964	0.979	51.30	3.038	17.10	23165.384
12-2021	106.552	12486.292	111.582	79.800	5757.315	0.887	52.40	3.163	17.47	22518.768
12-2022	98.069	11642.261	102.397	73.824	5442.890	0.813	52.93	3.328	17.64	22132.992
12-2023	90.667	10919.753	94.863	68.473	5161.461	0.753	52.93	3.510	17.64	21839.154
12-2024	83.831	10290.536	88.551	63.438	4904.821	0.702	52.93	3.699	17.64	21589.580
12-2025	77.649	9737.599	83.174	58.885	4671.269	0.659	52.93	3.880	17.64	21319.132
12-2026	72.099	9239.594	78.519	54.855	4453.352	0.622	52.93	4.054	17.64	21004.356
12-2027	67.266	8786.639	74.362	51.196	4252.580	0.589	52.93	4.223	17.64	20680.240
12-2028	62.872	8365.930	70.525	47.876	4064.728	0.558	52.93	4.394	17.64	20403.648
12-2029	58.487	7970.402	66.938	44.561	3886.948	0.530	52.93	4.679	17.64	20555.006
12-2030	54.449	7591.834	63.570	41.524	3714.327	0.503	52.93	4.679	17.64	19586.086
S TOT	1367.257	168676.496	1533.522	1027.716	76861.992	12.193	50.59	3.551	16.77	326455.392
AFTER	598.503	120883.672	1021.535	459.274	59855.680	8.112	52.93	4.679	17.64	304517.216
TOTAL	1965.760	289560.160	2555.056	1486.990	136717.664	20.305	51.31	4.045	17.12	630972.608

--END--	--------OPERATIONS, M$--------			--------------CAPITAL COSTS, M$--------------					CUM.	10.0%
MO-YEAR	ADVALOREM TAXES	SEVERANCE TAXES	NET OPER EXPENSES	TANGIBLE INVEST.	INTANG. INVEST.	TOTAL INVEST.	ABANDON & SALVAGE	CASH FLOW BTAX, M$	CASH FLOW BTAX, M$	CUM. DISC BTAX, M$
12-2016	103.681	133.486	4733.851	0.000	0.000	0.000	0.000	6911.684	6911.684	6772.830
12-2017	241.355	325.138	11118.957	48.142	433.282	481.425	0.000	16836.064	23747.748	22231.488
12-2018	227.225	311.464	10644.481	12.712	114.412	127.125	0.000	15084.479	38832.228	34824.704
12-2019	207.387	282.580	10097.810	0.000	0.000	0.000	0.000	13792.869	52625.096	45288.016
12-2020	191.937	262.720	9674.261	0.000	0.000	0.000	0.000	13036.499	65661.596	54275.168
12-2021	180.488	250.225	9342.198	0.000	0.000	0.000	0.000	12745.868	78407.464	62261.760
12-2022	170.928	241.455	9048.170	0.000	0.000	0.000	0.000	12672.448	91079.912	69480.008
12-2023	162.474	234.298	8785.489	0.000	0.000	0.000	0.000	12656.860	103736.768	76033.280
12-2024	155.091	228.212	8531.369	0.000	0.000	0.000	0.000	12674.903	116411.672	81998.928
12-2025	148.301	222.393	8304.442	0.000	0.000	0.000	0.000	12643.986	129055.656	87409.152
12-2026	142.072	216.728	8091.719	0.000	0.000	0.000	0.000	12553.894	141609.552	92292.832
12-2027	136.227	211.309	7901.664	0.000	0.000	0.000	0.000	12430.998	154040.544	96688.944
12-2028	130.817	206.228	7725.602	0.000	0.000	0.000	0.000	12341.004	166381.552	100656.672
12-2029	126.403	204.245	7548.655	0.000	0.000	0.000	0.000	12675.686	179057.232	104360.848
12-2030	119.758	193.372	7351.926	0.000	0.000	0.000	0.000	11921.009	190978.240	107527.768
S TOT	2444.142	3523.854	128900.584	60.855	547.695	608.550	0.000	190978.240	190978.240	107527.768
AFTER	1608.647	2657.128	137909.232	0.000	0.000	0.000	0.000	162342.176	353320.416	126018.664
TOTAL	4052.789	6180.982	266809.824	60.855	547.695	608.550	0.000	353320.416	353320.416	126018.664

	OIL	GAS
GROSS WELLS	597.0	6711.0
GROSS ULT., MB & MMF	8782.531	680436.416
GROSS CUM., MB & MMF	6816.771	390876.320
GROSS RES., MB & MMF	1965.760	289560.096
NET RES., MB & MMF	1486.990	136717.664
NET REVENUE, M$	76299.744	552964.992
INITIAL N.I., PCT.	74.201	41.119
FINAL N.I., PCT.	77.395	41.111

LIFE, YRS.	50.00
DISCOUNT %	10.00
UNDISCOUNTED PAYOUT, YRS.	0.00
DISCOUNTED PAYOUT, YRS.	0.00
RATE-OF-RETURN, PCT.	100.00
DISCOUNTED NET/INVEST.	233.82
INITIAL W.I., PCT.	54.984
FINAL W.I., PCT.	42.804

P.W. %	P.W., M$
0.00	353320.544
5.00	189810.352
10.00	126018.488
15.00	94168.656
20.00	75559.488
25.00	63493.728
30.00	55078.856
35.00	48887.348
40.00	44142.356
50.00	37340.704

WRIGHT & COMPANY, INC.
BRENTWOOD, TENNESSEE
D. RANDALL WRIGHT / PROJECT MANAGER
JOHNNY STAMPER / SR. PETROLEUM CONSULTANT
STEPHANIE L. MATLOCK / TECHNICAL ANALYST

Exhibit F1

PROVED DEVELOPED PRODUCING (PDP)	DATE : 09/30/2016
PROPERTIES LOCATED IN OH, PA & WV	TIME : 11:24:53
TO THE INTERESTS OF	SETUP : WRI0816
DIVERSIFIED GAS & OIL PLC	SCENARIO : DRI0816

R E S E R V E S   A N D   E C O N O M I C S

UTILIZING SPECIFIED ECONOMICS — JOB 16.1800

EFFECTIVE DATE: 08/2016

--END--	----------GROSS PRODUCTION----------			----------NET PRODUCTION----------			-------- PRICES --------			
MO-YEAR	OIL, MBBL	GAS, MMCF	NGL, MBBL	OIL, MBBL	GAS, MMCF	NGL, MBBL	OIL $/B	GAS $/M	NGL $/B	TOTAL REVENUE, M$
12-2016	65.749	8506.967	91.358	48.854	3298.534	0.732	40.98	2.950	13.65	11882.711
12-2017	147.904	18376.364	188.252	110.183	7496.506	1.505	45.21	3.145	15.06	28844.278
12-2018	135.250	16196.309	158.344	101.060	6920.487	1.263	48.11	3.008	16.03	25898.510
12-2019	123.872	14589.986	138.003	92.753	6433.666	1.099	49.89	2.981	16.63	23983.990
12-2020	113.928	13356.230	123.083	85.429	6029.456	0.979	51.30	3.038	17.10	22846.628
12-2021	105.053	12364.517	111.582	78.929	5683.942	0.887	52.40	3.163	17.47	22241.012
12-2022	96.762	11536.283	102.397	73.065	5379.022	0.813	52.93	3.328	17.64	21880.230
12-2023	89.504	10825.261	94.863	67.797	5104.508	0.753	52.93	3.510	17.64	21603.478
12-2024	82.779	10204.842	88.551	62.827	4853.166	0.702	52.93	3.699	17.64	21366.172
12-2025	76.687	9658.901	83.174	58.327	4623.828	0.659	52.93	3.880	17.64	21105.514
12-2026	71.211	9166.616	78.519	54.339	4409.358	0.622	52.93	4.054	17.64	20798.716
12-2027	66.441	8718.443	74.362	50.716	4211.466	0.589	52.93	4.223	17.64	20481.214
12-2028	62.099	8301.800	70.525	47.427	4026.066	0.558	52.93	4.394	17.64	20210.006
12-2029	57.760	7909.784	66.938	44.139	3850.401	0.530	52.93	4.679	17.64	20361.644
12-2030	53.762	7534.312	63.570	41.125	3679.647	0.503	52.93	4.679	17.64	19402.684
S TOT	1348.760	167246.624	1533.522	1016.972	76000.064	12.193	50.58	3.551	16.77	322906.784
AFTER	587.564	120129.816	1021.535	452.921	59402.468	8.112	52.93	4.679	17.64	302060.352
TOTAL	1936.323	287376.448	2555.056	1469.893	135402.528	20.305	51.31	4.046	17.12	624967.168

--END--	--------OPERATIONS, M$--------			--------------CAPITAL COSTS, M$--------------					CUM.	10.0%
MO-YEAR	ADVALOREM TAXES	SEVERANCE TAXES	NET OPER EXPENSES	TANGIBLE INVEST.	INTANG. INVEST.	TOTAL INVEST.	ABANDON & SALVAGE	CASH FLOW BTAX, M$	CASH FLOW BTAX, M$	CUM. DISC BTAX, M$
12-2016	103.681	133.486	4733.851	0.000	0.000	0.000	0.000	6911.684	6911.684	6772.830
12-2017	237.617	315.988	11068.055	0.000	0.000	0.000	0.000	17222.616	24134.300	22580.404
12-2018	215.533	282.869	10494.270	0.000	0.000	0.000	0.000	14905.829	39040.128	35026.880
12-2019	198.043	259.723	9979.292	0.000	0.000	0.000	0.000	13546.965	52587.092	45303.364
12-2020	184.427	244.349	9580.644	0.000	0.000	0.000	0.000	12837.240	65424.332	54153.028
12-2021	173.944	234.216	9263.529	0.000	0.000	0.000	0.000	12569.334	77993.664	62028.940
12-2022	164.973	226.885	8979.666	0.000	0.000	0.000	0.000	12508.716	90502.384	69153.896
12-2023	156.921	220.710	8724.427	0.000	0.000	0.000	0.000	12501.386	103003.768	75626.648
12-2024	149.828	215.330	8476.032	0.000	0.000	0.000	0.000	12524.978	115528.744	81521.720
12-2025	143.269	210.074	8253.670	0.000	0.000	0.000	0.000	12498.491	128027.232	86869.680
12-2026	137.227	204.867	8044.687	0.000	0.000	0.000	0.000	12411.991	140439.216	91698.152
12-2027	131.538	199.829	7857.762	0.000	0.000	0.000	0.000	12292.044	152731.264	96045.128
12-2028	126.256	195.058	7684.364	0.000	0.000	0.000	0.000	12204.334	164935.600	99968.920
12-2029	121.847	193.089	7509.716	0.000	0.000	0.000	0.000	12536.974	177472.576	103632.560
12-2030	115.438	182.791	7315.011	0.000	0.000	0.000	0.000	11789.424	189262.000	106764.528
S TOT	2360.541	3319.264	127964.960	0.000	0.000	0.000	0.000	189262.000	189262.000	106764.528
AFTER	1550.763	2515.609	137402.176	0.000	0.000	0.000	0.000	160591.808	349853.824	125043.832
TOTAL	3911.304	5834.873	265367.136	0.000	0.000	0.000	0.000	349853.824	349853.824	125043.832

	OIL	GAS
GROSS WELLS	510.0	6085.0
GROSS ULT., MB & MMF	8713.234	673434.880
GROSS CUM., MB & MMF	6776.910	386058.400
GROSS RES., MB & MMF	1936.324	287376.480
NET RES., MB & MMF	1469.893	135402.528
NET REVENUE, M$	75415.720	547843.456
INITIAL N.I., PCT.	74.201	41.119
FINAL N.I., PCT.	78.656	41.097

LIFE, YRS.	50.00
DISCOUNT %	10.00
UNDISCOUNTED PAYOUT, YRS.	0.00
DISCOUNTED PAYOUT, YRS.	0.00
RATE-OF-RETURN, PCT.	100.00
DISCOUNTED NET/INVEST.	0.00
INITIAL W.I., PCT.	98.666
FINAL W.I., PCT.	42.754

P.W. %	P.W., M$
0.00	349853.888
5.00	188115.520
10.00	125043.696
15.00	93554.664
20.00	75153.720
25.00	63220.068
30.00	54894.660
35.00	48766.620
40.00	44068.216
50.00	37328.596

WRIGHT & COMPANY, INC.
BRENTWOOD, TENNESSEE
D. RANDALL WRIGHT / PROJECT MANAGER
JOHNNY STAMPER / SR. PETROLEUM CONSULTANT
STEPHANIE L. MATLOCK / TECHNICAL ANALYST

Exhibit F1

PROVED DEVELOPED NONPRODUCING (PDNP)
PROPERTIES LOCATED IN OH, PA & WV
TO THE INTERESTS OF
DIVERSIFIED GAS & OIL PLC

DATE : 09/30/2016
TIME : 11:26:22
SETUP : WRI0816
SCENARIO : DRI0816

R E S E R V E S A N D E C O N O M I C S

UTILIZING SPECIFIED ECONOMICS

JOB 16.1800

EFFECTIVE DATE: 08/2016

--END-- MO-YEAR	GROSS PRODUCTION OIL, MBBL	GAS, MMCF	NGL, MBBL	NET PRODUCTION OIL, MBBL	GAS, MMCF	NGL, MBBL	PRICES OIL $/B	GAS $/M	NGL $/B	TOTAL REVENUE, M$
12-2016										
12-2017										
12-2018										
12-2019										
12-2020										
12-2021										
12-2022										
12-2023										
12-2024										
12-2025										
12-2026										
12-2027										
12-2028										
12-2029										
12-2030										
S TOT	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.00	0.000
AFTER	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.00	0.000
TOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.00	0.000

--END-- MO-YEAR	OPERATIONS, M$ ADVALOREM TAXES	SEVERANCE TAXES	NET OPER EXPENSES	CAPITAL COSTS, M$ TANGIBLE INVEST.	INTANG. INVEST.	TOTAL INVEST.	ABANDON & SALVAGE	CASH FLOW BTAX, M$	CUM. CASH FLOW BTAX, M$	10.0% CUM. DISC BTAX, M$
12-2016										
12-2017										
12-2018										
12-2019										
12-2020										
12-2021										
12-2022										
12-2023										
12-2024										
12-2025										
12-2026										
12-2027										
12-2028										
12-2029										
12-2030										
S TOT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
AFTER	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

	OIL	GAS
GROSS WELLS	87.0	452.0
GROSS ULT., MB & MMF	39.558	4817.530
GROSS CUM., MB & MMF	39.558	4817.530
GROSS RES., MB & MMF	0.000	0.000
NET RES., MB & MMF	0.000	0.000
NET REVENUE, M$	0.000	0.000
INITIAL N.I., PCT.	0.000	0.000
FINAL N.I., PCT.	0.000	0.000

LIFE, YRS.	0.00
DISCOUNT %	10.00
UNDISCOUNTED PAYOUT, YRS.	0.00
DISCOUNTED PAYOUT, YRS.	0.00
RATE-OF-RETURN, PCT.	0.00
DISCOUNTED NET/INVEST.	0.00
INITIAL W.I., PCT.	0.000
FINAL W.I., PCT.	0.000

P.W. %	P.W., M$
0.00	0.000
5.00	0.000
10.00	0.000
15.00	0.000
20.00	0.000
25.00	0.000
30.00	0.000
35.00	0.000
40.00	0.000
50.00	0.000

WRIGHT & COMPANY, INC.
BRENTWOOD, TENNESSEE
D. RANDALL WRIGHT / PROJECT MANAGER
JOHNNY STAMPER / SR. PETROLEUM CONSULTANT
STEPHANIE L. MATLOCK / TECHNICAL ANALYST

Exhibit F1

PROVED DEVELOPED NONPRODUCING – TEMPORARILY ABANDONED (PDNP-TA)
PROPERTIES LOCATED IN OH, PA & WV
TO THE INTERESTS OF
DIVERSIFIED GAS & OIL PLC

DATE : 09/30/2016
TIME : 11:27:23
SETUP : WRI0816
SCENARIO : DRI0816

R E S E R V E S A N D E C O N O M I C S

UTILIZING SPECIFIED ECONOMICS

JOB 16.1800

EFFECTIVE DATE: 08/2016

--END--	GROSS PRODUCTION			NET PRODUCTION			PRICES			
MO-YEAR	OIL, MBBL	GAS, MMCF	NGL, MBBL	OIL, MBBL	GAS, MMCF	NGL, MBBL	OIL $/B	GAS $/M	NGL $/B	TOTAL REVENUE, M$
12-2016										
12-2017										
12-2018										
12-2019										
12-2020										
12-2021										
12-2022										
12-2023										
12-2024										
12-2025										
12-2026										
12-2027										
12-2028										
12-2029										
12-2030										
S TOT	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.00	0.000
AFTER	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.00	0.000
TOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.00	0.000

--END--	OPERATIONS, M$			CAPITAL COSTS, M$						
MO-YEAR	ADVALOREM TAXES	SEVERANCE TAXES	NET OPER EXPENSES	TANGIBLE INVEST.	INTANG. INVEST.	TOTAL INVEST.	ABANDON & SALVAGE	CASH FLOW BTAX, M$	CUM. CASH FLOW BTAX, M$	10.0% CUM. DISC BTAX, M$
12-2016										
12-2017										
12-2018										
12-2019										
12-2020										
12-2021										
12-2022										
12-2023										
12-2024										
12-2025										
12-2026										
12-2027										
12-2028										
12-2029										
12-2030										
S TOT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
AFTER	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

	OIL	GAS			P.W. %	P.W., M$
GROSS WELLS	0.0	159.0	LIFE, YRS.	0.00	0.00	0.000
GROSS ULT., MB & MMF	0.303	0.380	DISCOUNT %	10.00	5.00	0.000
GROSS CUM., MB & MMF	0.303	0.380	UNDISCOUNTED PAYOUT, YRS.	0.00	10.00	0.000
GROSS RES., MB & MMF	0.000	0.000	DISCOUNTED PAYOUT, YRS.	0.00	15.00	0.000
NET RES., MB & MMF	0.000	0.000	RATE-OF-RETURN, PCT.	0.00	20.00	0.000
NET REVENUE, M$	0.000	0.000	DISCOUNTED NET/INVEST.	0.00	25.00	0.000
INITIAL N.I., PCT.	0.000	0.000	INITIAL W.I., PCT.	100.000	30.00	0.000
FINAL N.I., PCT.	0.000	0.000	FINAL W.I., PCT.	0.000	35.00	0.000
					40.00	0.000
					50.00	0.000

WRIGHT & COMPANY, INC.
BRENTWOOD, TENNESSEE
D. RANDALL WRIGHT / PROJECT MANAGER
JOHNNY STAMPER / SR. PETROLEUM CONSULTANT
STEPHANIE L. MATLOCK / TECHNICAL ANALYST

Exhibit F1

PROVED DEVELOPED BEHIND PIPE (PDBP)
PROPERTIES LOCATED IN OH, PA & WV
TO THE INTERESTS OF
DIVERSIFIED GAS & OIL PLC

DATE : 09/30/2016
TIME : 11:26:24
SETUP : WRI0816
SCENARIO : DRI0816

R E S E R V E S   A N D   E C O N O M I C S

UTILIZING SPECIFIED ECONOMICS

JOB 16.1800

EFFECTIVE DATE: 08/2016

--END--	----GROSS PRODUCTION----			----NET PRODUCTION----			-------- PRICES --------			
MO-YEAR	OIL, MBBL	GAS, MMCF	NGL, MBBL	OIL, MBBL	GAS, MMCF	NGL, MBBL	OIL $/B	GAS $/M	NGL $/B	TOTAL REVENUE, M$
12-2016	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.00	0.000
12-2017	1.672	62.172	0.000	0.971	36.181	0.000	46.30	3.143	0.00	158.664
12-2018	2.970	226.992	0.000	1.725	138.429	0.000	48.06	2.986	0.00	496.273
12-2019	2.198	185.338	0.000	1.276	111.541	0.000	49.87	2.985	0.00	396.623
12-2020	1.773	145.284	0.000	1.030	87.507	0.000	51.29	3.039	0.00	318.756
12-2021	1.499	121.775	0.000	0.871	73.373	0.000	52.39	3.164	0.00	277.755
12-2022	1.307	105.978	0.000	0.759	63.867	0.000	52.93	3.328	0.00	252.761
12-2023	1.163	94.492	0.000	0.676	56.953	0.000	52.93	3.510	0.00	235.677
12-2024	1.052	85.694	0.000	0.611	51.654	0.000	52.93	3.699	0.00	223.407
12-2025	0.962	78.698	0.000	0.559	47.440	0.000	52.93	3.880	0.00	213.618
12-2026	0.888	72.978	0.000	0.516	43.994	0.000	52.93	4.054	0.00	205.640
12-2027	0.826	68.196	0.000	0.480	41.113	0.000	52.93	4.223	0.00	199.025
12-2028	0.773	64.129	0.000	0.449	38.662	0.000	52.93	4.394	0.00	193.641
12-2029	0.727	60.619	0.000	0.422	36.547	0.000	52.93	4.679	0.00	193.363
12-2030	0.687	57.522	0.000	0.399	34.681	0.000	52.93	4.679	0.00	183.402
S TOT	18.498	1429.869	0.000	10.743	861.942	0.000	50.98	3.482	0.00	3548.606
AFTER	10.939	753.832	0.000	6.354	453.213	0.000	52.93	4.679	0.00	2456.878
TOTAL	29.437	2183.701	0.000	17.097	1315.155	0.000	51.71	3.894	0.00	6005.484

--END--	----OPERATIONS, M$----			----CAPITAL COSTS, M$----					CUM.	10.0%
MO-YEAR	ADVALOREM TAXES	SEVERANCE TAXES	NET OPER EXPENSES	TANGIBLE INVEST.	INTANG. INVEST.	TOTAL INVEST.	ABANDON & SALVAGE	CASH FLOW BTAX, M$	CASH FLOW BTAX, M$	CUM. DISC BTAX, M$
12-2016	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2017	3.738	9.150	50.902	48.142	433.282	481.425	0.000	-386.552	-386.552	-348.917
12-2018	11.692	28.595	150.211	12.712	114.412	127.125	0.000	178.650	-207.902	-202.178
12-2019	9.344	22.857	118.518	0.000	0.000	0.000	0.000	245.904	38.002	-15.350
12-2020	7.510	18.370	93.617	0.000	0.000	0.000	0.000	199.259	237.261	122.137
12-2021	6.544	16.009	78.669	0.000	0.000	0.000	0.000	176.534	413.795	232.817
12-2022	5.955	14.570	68.504	0.000	0.000	0.000	0.000	163.732	577.527	326.113
12-2023	5.552	13.588	61.062	0.000	0.000	0.000	0.000	155.474	733.001	406.633
12-2024	5.263	12.882	55.337	0.000	0.000	0.000	0.000	149.925	882.926	477.209
12-2025	5.032	12.319	50.772	0.000	0.000	0.000	0.000	145.495	1028.421	539.471
12-2026	4.844	11.860	47.032	0.000	0.000	0.000	0.000	141.903	1170.324	594.672
12-2027	4.689	11.480	43.902	0.000	0.000	0.000	0.000	138.954	1309.278	643.812
12-2028	4.562	11.171	41.239	0.000	0.000	0.000	0.000	136.670	1445.948	687.749
12-2029	4.555	11.156	38.939	0.000	0.000	0.000	0.000	138.712	1584.661	728.282
12-2030	4.321	10.581	36.915	0.000	0.000	0.000	0.000	131.585	1716.246	763.236
S TOT	83.600	204.590	935.619	60.855	547.695	608.550	0.000	1716.246	1716.246	763.236
AFTER	57.884	141.519	507.055	0.000	0.000	0.000	0.000	1750.420	3466.666	974.790
TOTAL	141.484	346.109	1442.674	60.855	547.695	608.550	0.000	3466.666	3466.666	974.790

	OIL	GAS			P.W. %	P.W., M$
GROSS WELLS	0.0	15.0	LIFE, YRS.	50.00	0.00	3466.666
GROSS ULT., MB & MMF	29.437	2183.701	DISCOUNT %	10.00	5.00	1694.831
GROSS CUM., MB & MMF	0.000	0.000	UNDISCOUNTED PAYOUT, YRS.	3.26	10.00	974.790
GROSS RES., MB & MMF	29.437	2183.701	DISCOUNTED PAYOUT, YRS.	3.53	15.00	613.989
NET RES., MB & MMF	17.097	1315.155	RATE-OF-RETURN, PCT.	53.22	20.00	405.769
NET REVENUE, M$	884.036	5121.448	DISCOUNTED NET/INVEST.	2.80	25.00	273.662
INITIAL N.I., PCT.	58.080	58.195	INITIAL W.I., PCT.	69.131	30.00	184.195
FINAL N.I., PCT.	58.080	58.080	FINAL W.I., PCT.	66.000	35.00	120.726
					40.00	74.139
					50.00	12.106

WRIGHT & COMPANY, INC.
BRENTWOOD, TENNESSEE
D. RANDALL WRIGHT / PROJECT MANAGER
JOHNNY STAMPER / SR. PETROLEUM CONSULTANT
STEPHANIE L. MATLOCK / TECHNICAL ANALYST

Exhibit F1

PROVED UNDEVELOPED (PUD)
PROPERTIES LOCATED IN OH, PA & WV
TO THE INTERESTS OF
DIVERSIFIED GAS & OIL PLC

DATE : 09/30/2016
TIME : 11:26:58
SETUP : WRI0816
SCENARIO : DRI0816

R E S E R V E S A N D E C O N O M I C S

UTILIZING SPECIFIED ECONOMICS

JOB 16.1800

EFFECTIVE DATE: 08/2016

--END--	----------GROSS PRODUCTION----------			----------NET PRODUCTION----------			-------- PRICES --------			
MO-YEAR	OIL, MBBL	GAS, MMCF	NGL, MBBL	OIL, MBBL	GAS, MMCF	NGL, MBBL	OIL $/B	GAS $/M	NGL $/B	TOTAL REVENUE, M$
12-2016	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.00	0.000
12-2017	0.946	38.775	0.000	0.797	32.584	0.000	46.52	3.170	0.00	140.353
12-2018	28.172	568.223	0.000	24.137	489.643	0.000	48.49	2.956	0.00	2617.952
12-2019	48.635	974.044	0.000	41.951	845.578	0.000	49.97	2.972	0.00	4609.290
12-2020	57.297	1212.591	0.000	49.663	1055.643	0.000	51.34	3.036	0.00	5754.432
12-2021	64.882	1412.214	0.000	56.378	1231.125	0.000	52.43	3.162	0.00	6849.112
12-2022	70.185	1550.403	0.000	61.071	1352.598	0.000	52.93	3.328	0.00	7734.406
12-2023	61.554	1359.059	0.000	53.558	1185.584	0.000	52.93	3.511	0.00	6997.295
12-2024	49.416	1083.910	0.000	42.967	945.150	0.000	52.93	3.699	0.00	5770.732
12-2025	42.106	920.036	0.000	36.595	802.016	0.000	52.93	3.880	0.00	5048.647
12-2026	37.028	807.179	0.000	32.171	703.481	0.000	52.93	4.054	0.00	4554.735
12-2027	33.225	723.300	0.000	28.861	630.268	0.000	52.93	4.224	0.00	4189.573
12-2028	30.239	657.867	0.000	26.262	573.167	0.000	52.93	4.394	0.00	3908.601
12-2029	27.813	605.059	0.000	24.153	527.095	0.000	52.93	4.679	0.00	3744.691
12-2030	25.795	561.313	0.000	22.398	488.937	0.000	52.93	4.679	0.00	3473.257
S TOT	577.293	12473.972	0.000	500.963	10862.868	0.000	52.24	3.611	0.00	65393.076
AFTER	326.912	7023.796	0.000	283.672	6114.640	0.000	52.93	4.679	0.00	43625.140
TOTAL	904.205	19497.768	0.000	784.635	16977.508	0.000	52.49	3.995	0.00	109018.216

--END--	--------OPERATIONS, M$---------			--------------CAPITAL COSTS, M$--------------					CUM.	10.0%
MO-YEAR	ADVALOREM TAXES	SEVERANCE TAXES	NET OPER EXPENSES	TANGIBLE INVEST.	INTANG. INVEST.	TOTAL INVEST.	ABANDON & SALVAGE	CASH FLOW BTAX, M$	CASH FLOW BTAX, M$	CUM. DISC BTAX, M$
12-2016	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2017	3.300	8.346	5.760	512.000	1536.000	2048.000	0.000	-1925.053	-1925.053	-1716.554
12-2018	78.007	80.021	120.384	2793.000	8379.000	11172.000	0.000	-8832.457	-10757.510	-9114.108
12-2019	146.498	98.080	270.912	2081.250	6243.750	8325.000	0.000	-4231.196	-14988.706	-12332.791
12-2020	188.914	93.713	397.056	2025.000	6075.000	8100.000	0.000	-3025.246	-18013.952	-14427.190
12-2021	228.476	93.446	523.200	2081.250	6243.750	8325.000	0.000	-2321.002	-20334.954	-15890.630
12-2022	260.300	93.387	649.344	2025.000	6075.000	8100.000	0.000	-1368.624	-21703.578	-16676.526
12-2023	235.483	83.368	711.552	0.000	0.000	0.000	0.000	5966.895	-15736.683	-13581.404
12-2024	193.450	71.392	711.552	0.000	0.000	0.000	0.000	4794.332	-10942.351	-11322.304
12-2025	168.832	63.692	711.552	0.000	0.000	0.000	0.000	4104.565	-6837.786	-9564.627
12-2026	152.060	58.088	711.552	0.000	0.000	0.000	0.000	3633.032	-3204.754	-8150.581
12-2027	139.700	53.744	711.552	0.000	0.000	0.000	0.000	3284.576	79.821	-6988.527
12-2028	130.216	50.251	711.552	0.000	0.000	0.000	0.000	3016.586	3096.407	-6018.380
12-2029	124.703	47.741	711.552	0.000	0.000	0.000	0.000	2860.689	5957.096	-5182.166
12-2030	115.571	44.724	711.552	0.000	0.000	0.000	0.000	2601.406	8558.502	-4490.915
S TOT	2165.510	939.994	7659.072	11517.500	34552.500	46070.000	0.000	8558.502	8558.502	-4490.915
AFTER	1444.269	596.678	16320.768	0.000	0.000	0.000	0.000	25263.426	33821.932	-995.753
TOTAL	3609.778	1536.672	23979.840	11517.500	34552.500	46070.000	0.000	33821.928	33821.932	-995.753

	OIL	GAS
GROSS WELLS	0.0	202.0
GROSS ULT., MB & MMF	904.205	19497.762
GROSS CUM., MB & MMF	0.000	0.000
GROSS RES., MB & MMF	904.205	19497.762
NET RES., MB & MMF	784.635	16977.506
NET REVENUE, M$	41187.232	67830.992
INITIAL N.I., PCT.	84.227	84.035
FINAL N.I., PCT.	84.268	84.000

LIFE, YRS.	49.75
DISCOUNT %	10.00
UNDISCOUNTED PAYOUT, YRS.	11.39
DISCOUNTED PAYOUT, YRS.	49.75
RATE-OF-RETURN, PCT.	9.49
DISCOUNTED NET/INVEST.	0.97
INITIAL W.I., PCT.	100.000
FINAL W.I., PCT.	100.000

P.W. %	P.W., M$
0.00	33821.960
5.00	8855.997
10.00	-995.749
15.00	-5229.876
20.00	-7068.608
25.00	-7785.846
30.00	-7947.434
35.00	-7826.966
40.00	-7564.907
50.00	-6882.228

WRIGHT & COMPANY, INC.
BRENTWOOD, TENNESSEE
D. RANDALL WRIGHT / PROJECT MANAGER
JOHNNY STAMPER / SR. PETROLEUM CONSULTANT
STEPHANIE L. MATLOCK / TECHNICAL ANALYST

Exhibit F2

TOTAL PROVED (PDP, PDNP, PDNP-TA, PDBP & PUD)
PROPERTIES LOCATED IN OH, PA & WV
TO THE INTERESTS OF
DIVERSIFIED GAS & OIL PLC

DATE : 10/10/2016
TIME : 14:36:03
SETUP : WRI0816
SCENARIO : DRI0816

A F T E R   T A X   E C O N O M I C S

UTILIZING SPECIFIED ECONOMICS

JOB 16.1800

EFFECTIVE DATE: 08/2016

--END-- MO-YEAR	TAXABLE CASH FLOW M$	DEPRECIA-TION M$	DEPLETION M$	INTANG. EXPENSED M$	INTEREST PAID & CAP M$	TAXABLE INCOME M$	TAX CREDIT M$	TAXES PAYABLE M$	CASH FLOW ATAX M$	10.0% CUM. DISC ATAX M$
12-2016	6911.684	0.000	0.000	0.000	0.000	6911.684	0.000	1174.987	5736.701	5623.912
12-2017	17440.436	20.794	0.000	1969.282	0.000	15450.359	56.014	2570.548	12340.442	16972.804
12-2018	17551.144	741.697	0.000	8493.412	0.000	8316.036	280.571	1133.151	5118.857	21160.858
12-2019	17886.672	1228.825	0.000	6243.750	0.000	10414.096	208.125	1562.268	7999.380	27174.668
12-2020	18111.254	1483.302	0.000	6075.000	0.000	10552.951	202.500	1591.500	8419.757	32931.820
12-2021	18749.862	1651.845	0.000	6243.750	0.000	10854.271	208.125	1637.102	8787.746	38394.212
12-2022	19403.826	1793.152	0.000	6075.000	0.000	11535.672	202.500	1758.567	9545.262	43792.856
12-2023	18623.756	1466.545	0.000	0.000	0.000	17157.204	0.000	2916.725	15707.014	51917.328
12-2024	17469.236	1207.968	0.000	0.000	0.000	16261.269	0.000	2764.416	14704.826	58831.956
12-2025	16748.551	826.340	0.000	0.000	0.000	15922.208	0.000	2706.777	14041.777	64834.528
12-2026	16186.926	565.080	0.000	0.000	0.000	15621.852	0.000	2655.714	13531.197	70093.240
12-2027	15715.574	381.536	0.000	0.000	0.000	15334.039	0.000	2606.787	13108.807	74724.432
12-2028	15357.590	196.219	0.000	0.000	0.000	15161.370	0.000	2577.436	12780.167	78829.064
12-2029	15536.375	15.052	0.000	0.000	0.000	15521.322	0.000	2638.627	12897.772	82594.888
12-2030	14522.415	0.000	0.000	0.000	0.000	14522.415	0.000	2468.812	12053.614	85794.296
12-2031	13596.155	0.000	0.000	0.000	0.000	13596.155	0.000	2311.346	11284.810	88517.336
12-2032	12741.236	0.000	0.000	0.000	0.000	12741.236	0.000	2166.013	10575.245	90837.176
12-2033	11948.224	0.000	0.000	0.000	0.000	11948.224	0.000	2031.198	9917.036	92814.856
12-2034	11211.777	0.000	0.000	0.000	0.000	11211.777	0.000	1906.000	9305.774	94501.936
12-2035	10521.500	0.000	0.000	0.000	0.000	10521.500	0.000	1788.654	8732.836	95941.216
S TOT	306234.176	11578.356	0.000	35100.192	0.000	259555.648	1157.836	42966.624	216589.040	95941.216
AFTER	127586.728	0.000	0.000	0.000	0.000	127586.728	0.000	21689.746	105896.968	104026.480
TOTAL	433820.896	11578.356	0.000	35100.192	0.000	387142.368	1157.836	64656.368	322486.016	104026.480

BTAX RATE OF RETURN (PCT)	100.00	ATAX RATE OF RETURN (PCT)	100.00
BTAX PAYOUT YEARS	0.00	ATAX PAY OUT YEARS	0.00
BTAX PAYOUT YEARS (DISC)	0.00	ATAX PAY OUT YEARS (DISC)	0.00
BTAX NET INCOME/INVEST	9.29	ATAX NET INCOME/INVEST	7.91
BTAX NET INCOME/INVEST(DISC)	4.74	ATAX NET INCOME/INVEST(DISC)	4.12
PRODUCTION START DATE	08/2015	PROJECT LIFE (YEARS)	50.00
		DISCOUNT - RATE (PCT)	10.00
INITIAL OIL PRICE ($/B)	28.073	INITIAL GAS PRICE ($/M)	0.920
MAXIMUM OIL PRICE ($/B)	52.930	MAXIMUM GAS PRICE ($/M)	4.679
GROSS OIL WELLS	597.	GROSS GAS WELLS	6913.
CUMULATIVE OIL (MBBL)	6816.771	CUMULATIVE GAS (MMF)	390876.320
REMAINING OIL (MBBL)	2869.965	REMAINING GAS (MMCF)	309057.824
ULTIMATE OIL (MBBL)	9686.736	ULTIMATE GAS (MMCF)	699934.144
INITIAL WI (PCT)	98.826	FINAL WI (PCT)	42.839
INITIAL NET OIL (PCT)	74.201	FINAL NET OIL (PCT)	77.395
INITIAL NET GAS (PCT)	41.119	FINAL NET GAS (PCT)	41.139

PRESENT WORTH PROFILE AND
---- RATE-OF-RETURN VS. BONUS TABLE ---

P.W. FACTOR %	B.F.I.T. WORTH M$	A.F.I.T. WORTH M$	A.F.I.T. BONUS M$
0.00	387142.5	322485.7	388306.1
5.00	198666.4	165504.8	182665.6
10.00	125022.7	104026.6	111318.1
15.00	88938.8	73837.1	77833.5
20.00	68490.9	56698.2	59246.9
25.00	55707.9	45969.0	47762.8
30.00	47131.4	38763.8	40114.5
35.00	41060.4	33660.5	34728.4
40.00	36577.4	29891.3	30766.3
50.00	30458.5	24747.2	25381.0
60.00	26508.6	21428.8	21920.7
70.00	23755.1	19117.8	19517.4
80.00	21722.7	17413.9	17749.1
90.00	20155.3	16101.2	16389.4
100.00	18904.7	15055.0	15307.2

WRIGHT & COMPANY, INC.
BRENTWOOD, TENNESSEE
D. RANDALL WRIGHT / PROJECT MANAGER
JOHNNY STAMPER / SR. PETROLEUM CONSULTANT
STEPHANIE L. MATLOCK / TECHNICAL ANALYST

Exhibit F2

TOTAL PROVED DEVELOPED (PDP, PDNP, PDNP-TA & PDBP)
PROPERTIES LOCATED IN OH, PA & WV
TO THE INTERESTS OF
DIVERSIFIED GAS & OIL PLC

DATE : 10/10/2016
TIME : 15:05:36
SETUP : WRI0816
SCENARIO : DRI0816

A F T E R T A X E C O N O M I C S

UTILIZING SPECIFIED ECONOMICS

JOB 16.1800

EFFECTIVE DATE: 08/2016

--END-- MO-YEAR	TAXABLE CASH FLOW M$	DEPRECIA-TION M$	DEPLETION M$	INTANG. EXPENSED M$	INTEREST PAID & CAP M$	TAXABLE INCOME M$	TAX CREDIT M$	TAXES PAYABLE M$	CASH FLOW ATAX M$	10.0% CUM. DISC ATAX M$
12-2016	6911.684	0.000	0.000	0.000	0.000	6911.684	0.000	1174.987	5736.701	5623.912
12-2017	17317.490	2.304	0.000	433.282	0.000	16881.902	4.814	2865.111	13970.933	18429.478
12-2018	15211.604	12.602	0.000	114.412	0.000	15084.590	1.271	2563.106	12521.364	28857.240
12-2019	13792.869	13.128	0.000	0.000	0.000	13779.741	0.000	2342.552	11450.292	37528.692
12-2020	13036.499	9.376	0.000	0.000	0.000	13027.123	0.000	2214.608	10821.894	44979.252
12-2021	12745.868	6.698	0.000	0.000	0.000	12739.170	0.000	2165.659	10580.187	51601.128
12-2022	12672.448	5.432	0.000	0.000	0.000	12667.016	0.000	2153.395	10519.055	57586.244
12-2023	12656.860	5.431	0.000	0.000	0.000	12651.430	0.000	2150.743	10506.106	63020.548
12-2024	12674.903	5.432	0.000	0.000	0.000	12669.471	0.000	2153.810	10521.096	67967.872
12-2025	12643.986	0.452	0.000	0.000	0.000	12643.533	0.000	2149.402	10494.581	72454.096
12-2026	12553.894	0.000	0.000	0.000	0.000	12553.894	0.000	2134.160	10419.714	76503.632
12-2027	12430.998	0.000	0.000	0.000	0.000	12430.998	0.000	2113.270	10317.743	80148.776
12-2028	12341.004	0.000	0.000	0.000	0.000	12341.004	0.000	2097.973	10243.040	83438.560
12-2029	12675.686	0.000	0.000	0.000	0.000	12675.686	0.000	2154.867	10520.839	86510.384
12-2030	11921.009	0.000	0.000	0.000	0.000	11921.009	0.000	2026.572	9894.448	89136.680
12-2031	11214.434	0.000	0.000	0.000	0.000	11214.434	0.000	1906.453	9307.982	91382.712
12-2032	10548.829	0.000	0.000	0.000	0.000	10548.829	0.000	1793.304	8755.546	93303.376
12-2033	9922.073	0.000	0.000	0.000	0.000	9922.073	0.000	1686.753	8235.327	94945.688
12-2034	9333.784	0.000	0.000	0.000	0.000	9333.784	0.000	1586.742	7747.042	96350.176
12-2035	8778.369	0.000	0.000	0.000	0.000	8778.369	0.000	1492.322	7286.039	97551.008
S TOT	241384.288	60.855	0.000	547.695	0.000	240775.744	6.086	40925.784	199849.920	97551.008
AFTER	112544.712	0.000	0.000	0.000	0.000	112544.712	0.000	19132.600	93412.104	104470.856
TOTAL	353928.992	60.855	0.000	547.695	0.000	353320.448	6.086	60058.384	293262.016	104470.856

BTAX RATE OF RETURN (PCT)	100.00	ATAX RATE OF RETURN (PCT)	100.00
BTAX PAYOUT YEARS	0.00	ATAX PAY OUT YEARS	0.00
BTAX PAYOUT YEARS (DISC)	0.00	ATAX PAY OUT YEARS (DISC)	0.00
BTAX NET INCOME/INVEST	581.59	ATAX NET INCOME/INVEST	482.90
BTAX NET INCOME/INVEST(DISC)	233.82	ATAX NET INCOME/INVEST(DISC)	194.01
PRODUCTION START DATE	08/2015	PROJECT LIFE (YEARS)	50.00
		DISCOUNT - RATE (PCT)	10.00
INITIAL OIL PRICE ($/B)	1.124	INITIAL GAS PRICE ($/M)	0.633
MAXIMUM OIL PRICE ($/B)	52.930	MAXIMUM GAS PRICE ($/M)	4.679
GROSS OIL WELLS	597.	GROSS GAS WELLS	6711.
CUMULATIVE OIL (MBBL)	6816.771	CUMULATIVE GAS (MMF)	390876.320
REMAINING OIL (MBBL)	1965.760	REMAINING GAS (MMCF)	289560.096
ULTIMATE OIL (MBBL)	8782.531	ULTIMATE GAS (MMCF)	680436.416
INITIAL WI (PCT)	54.984	FINAL WI (PCT)	42.804
INITIAL NET OIL (PCT)	74.201	FINAL NET OIL (PCT)	77.395
INITIAL NET GAS (PCT)	41.119	FINAL NET GAS (PCT)	41.111

PRESENT WORTH PROFILE AND
---- RATE-OF-RETURN VS. BONUS TABLE ---

P.W. FACTOR %-----	B.F.I.T. WORTH M$------	A.F.I.T. WORTH M$------	A.F.I.T. BONUS M$------
0.00	353320.5	293261.7	353096.5
5.00	189810.4	157469.8	173757.9
10.00	126018.5	104471.0	111790.7
15.00	94168.7	77995.9	82199.7
20.00	75559.5	62517.6	65290.1
25.00	63493.7	52475.1	54469.9
30.00	55078.9	45466.2	46988.7
35.00	48887.3	40305.4	41517.7
40.00	44142.4	36347.4	37343.6
50.00	37340.7	30667.9	31388.1
60.00	32686.4	26776.0	27331.1
70.00	29288.5	23930.9	24377.9
80.00	26690.1	21752.6	22124.2
90.00	24632.8	20026.0	20342.6
100.00	22959.5	18620.3	18895.2

WRIGHT & COMPANY, INC.
BRENTWOOD, TENNESSEE
D. RANDALL WRIGHT / PROJECT MANAGER
JOHNNY STAMPER / SR. PETROLEUM CONSULTANT
STEPHANIE L. MATLOCK / TECHNICAL ANALYST

Exhibit F2

PROVED DEVELOPED PRODUCING (PDP)
PROPERTIES LOCATED IN OH, PA & WV
TO THE INTERESTS OF
DIVERSIFIED GAS & OIL PLC

DATE : 10/10/2016
TIME : 14:35:41
SETUP : WRI0816
SCENARIO : DRI0816

A F T E R T A X E C O N O M I C S

UTILIZING SPECIFIED ECONOMICS

JOB 16.1800

EFFECTIVE DATE: 08/2016

--END-- MO-YEAR	TAXABLE CASH FLOW M$	DEPRECIA- TION M$	DEPLETION M$	INTANG. EXPENSED M$	INTEREST PAID & CAP M$	TAXABLE INCOME M$	TAX CREDIT M$	TAXES PAYABLE M$	CASH FLOW ATAX M$	10.0% CUM. DISC ATAX M$
12-2016	6911.684	0.000	0.000	0.000	0.000	6911.684	0.000	1174.987	5736.701	5623.912
12-2017	17222.616	0.000	0.000	0.000	0.000	17222.616	0.000	2927.846	14294.749	18722.844
12-2018	14905.829	0.000	0.000	0.000	0.000	14905.829	0.000	2533.988	12371.832	29029.248
12-2019	13546.965	0.000	0.000	0.000	0.000	13546.965	0.000	2302.981	11243.960	37544.444
12-2020	12837.240	0.000	0.000	0.000	0.000	12837.240	0.000	2182.328	10654.915	44880.048
12-2021	12569.334	0.000	0.000	0.000	0.000	12569.334	0.000	2136.787	10432.525	51409.508
12-2022	12508.716	0.000	0.000	0.000	0.000	12508.716	0.000	2126.484	10382.234	57316.776
12-2023	12501.386	0.000	0.000	0.000	0.000	12501.386	0.000	2125.236	10376.139	62683.852
12-2024	12524.978	0.000	0.000	0.000	0.000	12524.978	0.000	2129.247	10395.735	67572.224
12-2025	12498.491	0.000	0.000	0.000	0.000	12498.491	0.000	2124.744	10373.743	72006.792
12-2026	12411.991	0.000	0.000	0.000	0.000	12411.991	0.000	2110.037	10301.934	76010.552
12-2027	12292.044	0.000	0.000	0.000	0.000	12292.044	0.000	2089.648	10202.411	79614.944
12-2028	12204.334	0.000	0.000	0.000	0.000	12204.334	0.000	2074.739	10129.604	82868.296
12-2029	12536.974	0.000	0.000	0.000	0.000	12536.974	0.000	2131.286	10405.708	85906.504
12-2030	11789.424	0.000	0.000	0.000	0.000	11789.424	0.000	2004.203	9785.232	88503.816
12-2031	11089.445	0.000	0.000	0.000	0.000	11089.445	0.000	1885.205	9204.241	90724.808
12-2032	10430.090	0.000	0.000	0.000	0.000	10430.090	0.000	1773.119	8656.993	92623.848
12-2033	9809.271	0.000	0.000	0.000	0.000	9809.271	0.000	1667.576	8141.701	94247.488
12-2034	9226.622	0.000	0.000	0.000	0.000	9226.622	0.000	1568.524	7658.097	95635.856
12-2035	8676.565	0.000	0.000	0.000	0.000	8676.565	0.000	1475.015	7201.542	96822.760
S TOT	238493.984	0.000	0.000	0.000	0.000	238493.984	0.000	40543.976	197949.984	96822.760
AFTER	111359.784	0.000	0.000	0.000	0.000	111359.784	0.000	18931.162	92428.608	103662.528
TOTAL	349853.760	0.000	0.000	0.000	0.000	349853.760	0.000	59475.136	290378.592	103662.528

BTAX RATE OF RETURN (PCT)	100.00	ATAX RATE OF RETURN (PCT)	100.00
BTAX PAYOUT YEARS	0.00	ATAX PAY OUT YEARS	0.00
BTAX PAYOUT YEARS (DISC)	0.00	ATAX PAY OUT YEARS (DISC)	0.00
BTAX NET INCOME/INVEST	0.00	ATAX NET INCOME/INVEST	0.00
BTAX NET INCOME/INVEST(DISC)	0.00	ATAX NET INCOME/INVEST(DISC)	0.00
PRODUCTION START DATE	08/2015	PROJECT LIFE (YEARS)	50.00
		DISCOUNT - RATE (PCT)	10.00
INITIAL OIL PRICE ($/B)	0.068	INITIAL GAS PRICE ($/M)	0.001
MAXIMUM OIL PRICE ($/B)	52.930	MAXIMUM GAS PRICE ($/M)	4.679
GROSS OIL WELLS	510.	GROSS GAS WELLS	6085.
CUMULATIVE OIL (MBBL)	6776.910	CUMULATIVE GAS (MMF)	386058.400
REMAINING OIL (MBBL)	1936.324	REMAINING GAS (MMCF)	287376.480
ULTIMATE OIL (MBBL)	8713.234	ULTIMATE GAS (MMCF)	673434.880
INITIAL WI (PCT)	98.666	FINAL WI (PCT)	42.754
INITIAL NET OIL (PCT)	74.201	FINAL NET OIL (PCT)	78.656
INITIAL NET GAS (PCT)	41.119	FINAL NET GAS (PCT)	41.097

PRESENT WORTH PROFILE AND
---- RATE-OF-RETURN VS. BONUS TABLE ---

P.W. FACTOR %	B.F.I.T. WORTH M$	A.F.I.T. WORTH M$	A.F.I.T. BONUS M$
0.00	349853.9	290378.3	349622.5
5.00	188115.5	156060.9	172187.2
10.00	125043.7	103662.6	110918.4
15.00	93554.7	77489.2	81662.6
20.00	75153.7	62185.5	64942.0
25.00	63220.1	52254.0	54239.9
30.00	54894.7	45320.4	46838.0
35.00	48766.6	40213.1	41422.8
40.00	44068.2	36294.5	37289.4
50.00	37328.6	30667.5	31387.9
60.00	32711.9	26807.4	27363.2
70.00	29337.8	23982.4	24430.4
80.00	26754.9	21817.2	22189.8
90.00	24707.7	20099.0	20416.7
100.00	23040.9	18698.8	18974.6

WRIGHT & COMPANY, INC.
BRENTWOOD, TENNESSEE
D. RANDALL WRIGHT / PROJECT MANAGER
JOHNNY STAMPER / SR. PETROLEUM CONSULTANT
STEPHANIE L. MATLOCK / TECHNICAL ANALYST

Exhibit F2

PROVED DEVELOPED NONPRODUCING (PDNP)
PROPERTIES LOCATED IN OH, PA & WV
TO THE INTERESTS OF
DIVERSIFIED GAS & OIL PLC

DATE : 10/10/2016
TIME : 14:35:54
SETUP : WRI0816
SCENARIO : DRI0816

A F T E R   T A X   E C O N O M I C S

UTILIZING SPECIFIED ECONOMICS

JOB 16.1800

EFFECTIVE DATE: 08/2016

--END-- MO-YEAR	TAXABLE CASH FLOW M$	DEPRECIA- TION M$	DEPLETION M$	INTANG. EXPENSED M$	INTEREST PAID & CAP M$	TAXABLE INCOME M$	TAX CREDIT M$	TAXES PAYABLE M$	CASH FLOW ATAX M$	10.0% CUM. DISC ATAX M$
12-2016										
12-2017										
12-2018										
12-2019										
12-2020										
12-2021										
12-2022										
12-2023										
12-2024										
12-2025										
12-2026										
12-2027										
12-2028										
12-2029										
12-2030										
12-2031										
12-2032										
12-2033										
12-2034										
12-2035										
S TOT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
AFTER	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

BTAX RATE OF RETURN (PCT)	0.00	ATAX RATE OF RETURN (PCT)	0.00
BTAX PAYOUT YEARS	0.00	ATAX PAY OUT YEARS	0.00
BTAX PAYOUT YEARS (DISC)	0.00	ATAX PAY OUT YEARS (DISC)	0.00
BTAX NET INCOME/INVEST	0.00	ATAX NET INCOME/INVEST	0.00
BTAX NET INCOME/INVEST(DISC)	0.00	ATAX NET INCOME/INVEST(DISC)	0.00
PRODUCTION START DATE	08/2015	PROJECT LIFE (YEARS)	0.00
		DISCOUNT - RATE (PCT)	10.00
INITIAL OIL PRICE ($/B)	0.000	INITIAL GAS PRICE ($/M)	0.000
MAXIMUM OIL PRICE ($/B)	0.000	MAXIMUM GAS PRICE ($/M)	0.000
GROSS OIL WELLS	87.	GROSS GAS WELLS	452.
CUMULATIVE OIL (MBBL)	39.558	CUMULATIVE GAS (MMF)	4817.530
REMAINING OIL (MBBL)	0.000	REMAINING GAS (MMCF)	0.000
ULTIMATE OIL (MBBL)	39.558	ULTIMATE GAS (MMCF)	4817.530
INITIAL WI (PCT)	0.000	FINAL WI (PCT)	0.000
INITIAL NET OIL (PCT)	0.000	FINAL NET OIL (PCT)	0.000
INITIAL NET GAS (PCT)	0.000	FINAL NET GAS (PCT)	0.000

PRESENT WORTH PROFILE AND
---- RATE-OF-RETURN VS. BONUS TABLE ---

P.W. FACTOR %	B.F.I.T. WORTH M$	A.F.I.T. WORTH M$	A.F.I.T. BONUS M$
0.00	0.0	0.0	0.0
5.00	0.0	0.0	0.0
10.00	0.0	0.0	0.0
15.00	0.0	0.0	0.0
20.00	0.0	0.0	0.0
25.00	0.0	0.0	0.0
30.00	0.0	0.0	0.0
35.00	0.0	0.0	0.0
40.00	0.0	0.0	0.0
50.00	0.0	0.0	0.0
60.00	0.0	0.0	0.0
70.00	0.0	0.0	0.0
80.00	0.0	0.0	0.0
90.00	0.0	0.0	0.0
100.00	0.0	0.0	0.0

WRIGHT & COMPANY, INC.
BRENTWOOD, TENNESSEE
D. RANDALL WRIGHT / PROJECT MANAGER
JOHNNY STAMPER / SR. PETROLEUM CONSULTANT
STEPHANIE L. MATLOCK / TECHNICAL ANALYST

Exhibit F2

PROVED DEVELOPED NONPRODUCING – TEMPORARILY ABANDONED (PDNP-TA)	DATE : 10/10/2016
PROPERTIES LOCATED IN OH, PA & WV	TIME : 14:36:03
TO THE INTERESTS OF	SETUP : WRI0816
DIVERSIFIED GAS & OIL PLC	SCENARIO : DRI0816

A F T E R T A X E C O N O M I C S

UTILIZING SPECIFIED ECONOMICS — JOB 16.1800

EFFECTIVE DATE: 08/2016

--END-- MO-YEAR	TAXABLE CASH FLOW M$	DEPRECIA-TION M$	DEPLETION M$	INTANG. EXPENSED M$	INTEREST PAID & CAP M$	TAXABLE INCOME M$	TAX CREDIT M$	TAXES PAYABLE M$	CASH FLOW ATAX M$	10.0% CUM. DISC ATAX M$
12-2016										
12-2017										
12-2018										
12-2019										
12-2020										
12-2021										
12-2022										
12-2023										
12-2024										
12-2025										
12-2026										
12-2027										
12-2028										
12-2029										
12-2030										
12-2031										
12-2032										
12-2033										
12-2034										
12-2035										
S TOT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
AFTER	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

BTAX RATE OF RETURN (PCT)	0.00	ATAX RATE OF RETURN (PCT)	0.00
BTAX PAYOUT YEARS	0.00	ATAX PAY OUT YEARS	0.00
BTAX PAYOUT YEARS (DISC)	0.00	ATAX PAY OUT YEARS (DISC)	0.00
BTAX NET INCOME/INVEST	0.00	ATAX NET INCOME/INVEST	0.00
BTAX NET INCOME/INVEST(DISC)	0.00	ATAX NET INCOME/INVEST(DISC)	0.00
PRODUCTION START DATE	08/2015	PROJECT LIFE (YEARS)	0.00
		DISCOUNT - RATE (PCT)	10.00
INITIAL OIL PRICE ($/B)	46.320	INITIAL GAS PRICE ($/M)	3.078
MAXIMUM OIL PRICE ($/B)	0.000	MAXIMUM GAS PRICE ($/M)	0.000
GROSS OIL WELLS	0.	GROSS GAS WELLS	159.
CUMULATIVE OIL (MBBL)	0.303	CUMULATIVE GAS (MMF)	0.380
REMAINING OIL (MBBL)	0.000	REMAINING GAS (MMCF)	0.000
ULTIMATE OIL (MBBL)	0.303	ULTIMATE GAS (MMCF)	0.380
INITIAL WI (PCT)	100.000	FINAL WI (PCT)	0.000
INITIAL NET OIL (PCT)	0.000	FINAL NET OIL (PCT)	0.000
INITIAL NET GAS (PCT)	0.000	FINAL NET GAS (PCT)	0.000

PRESENT WORTH PROFILE AND
---- RATE-OF-RETURN VS. BONUS TABLE ---

P.W. FACTOR %	B.F.I.T. WORTH M$	A.F.I.T. WORTH M$	A.F.I.T. BONUS M$
0.00	0.0	0.0	0.0
5.00	0.0	0.0	0.0
10.00	0.0	0.0	0.0
15.00	0.0	0.0	0.0
20.00	0.0	0.0	0.0
25.00	0.0	0.0	0.0
30.00	0.0	0.0	0.0
35.00	0.0	0.0	0.0
40.00	0.0	0.0	0.0
50.00	0.0	0.0	0.0
60.00	0.0	0.0	0.0
70.00	0.0	0.0	0.0
80.00	0.0	0.0	0.0
90.00	0.0	0.0	0.0
100.00	0.0	0.0	0.0

WRIGHT & COMPANY, INC.
BRENTWOOD, TENNESSEE
D. RANDALL WRIGHT / PROJECT MANAGER
JOHNNY STAMPER / SR. PETROLEUM CONSULTANT
STEPHANIE L. MATLOCK / TECHNICAL ANALYST

Exhibit F2

PROVED DEVELOPED BEHIND PIPE (PDBP)
PROPERTIES LOCATED IN OH, PA & WV
TO THE INTERESTS OF
DIVERSIFIED GAS & OIL PLC

DATE : 10/10/2016
TIME : 14:35:55
SETUP : WRI0816
SCENARIO : DRI0816

A F T E R T A X E C O N O M I C S

UTILIZING SPECIFIED ECONOMICS

JOB 16.1800

EFFECTIVE DATE: 08/2016

--END-- MO-YEAR	TAXABLE CASH FLOW M$	DEPRECIA-TION M$	DEPLETION M$	INTANG. EXPENSED M$	INTEREST PAID & CAP M$	TAXABLE INCOME M$	TAX CREDIT M$	TAXES PAYABLE M$	CASH FLOW ATAX M$	10.0% CUM. DISC ATAX M$
12-2016	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2017	94.873	2.304	0.000	433.282	0.000	-340.713	4.814	-62.735	-323.816	-293.366
12-2018	305.775	12.602	0.000	114.412	0.000	178.761	1.271	29.118	149.532	-172.009
12-2019	245.904	13.128	0.000	0.000	0.000	232.776	0.000	39.572	206.332	-15.752
12-2020	199.259	9.376	0.000	0.000	0.000	189.883	0.000	32.280	166.979	99.206
12-2021	176.534	6.698	0.000	0.000	0.000	169.836	0.000	28.872	147.662	191.623
12-2022	163.732	5.432	0.000	0.000	0.000	158.300	0.000	26.911	136.821	269.471
12-2023	155.474	5.431	0.000	0.000	0.000	150.044	0.000	25.507	129.967	336.696
12-2024	149.925	5.432	0.000	0.000	0.000	144.493	0.000	24.564	125.361	395.645
12-2025	145.495	0.452	0.000	0.000	0.000	145.042	0.000	24.657	120.838	447.300
12-2026	141.903	0.000	0.000	0.000	0.000	141.903	0.000	24.124	117.780	493.071
12-2027	138.954	0.000	0.000	0.000	0.000	138.954	0.000	23.622	115.332	533.817
12-2028	136.670	0.000	0.000	0.000	0.000	136.670	0.000	23.234	113.436	570.249
12-2029	138.712	0.000	0.000	0.000	0.000	138.712	0.000	23.581	115.131	603.865
12-2030	131.585	0.000	0.000	0.000	0.000	131.585	0.000	22.370	109.216	632.854
12-2031	124.989	0.000	0.000	0.000	0.000	124.989	0.000	21.248	103.741	657.887
12-2032	118.739	0.000	0.000	0.000	0.000	118.739	0.000	20.186	98.553	679.506
12-2033	112.802	0.000	0.000	0.000	0.000	112.802	0.000	19.176	93.626	698.177
12-2034	107.162	0.000	0.000	0.000	0.000	107.162	0.000	18.218	88.944	714.302
12-2035	101.804	0.000	0.000	0.000	0.000	101.804	0.000	17.307	84.497	728.228
S TOT	2890.292	60.855	0.000	547.695	0.000	2281.742	6.086	381.811	1899.932	728.228
AFTER	1184.924	0.000	0.000	0.000	0.000	1184.924	0.000	201.437	983.487	808.306
TOTAL	4075.216	60.855	0.000	547.695	0.000	3466.666	6.086	583.248	2883.418	808.306

BTAX RATE OF RETURN (PCT)	53.22	ATAX RATE OF RETURN (PCT)	50.13
BTAX PAYOUT YEARS	3.26	ATAX PAY OUT YEARS	3.26
BTAX PAYOUT YEARS (DISC)	3.53	ATAX PAY OUT YEARS (DISC)	3.55
BTAX NET INCOME/INVEST	6.70	ATAX NET INCOME/INVEST	5.74
BTAX NET INCOME/INVEST(DISC)	2.80	ATAX NET INCOME/INVEST(DISC)	2.49
PRODUCTION START DATE	08/2015	PROJECT LIFE (YEARS)	50.00
		DISCOUNT - RATE (PCT)	10.00
INITIAL OIL PRICE ($/B)	45.780	INITIAL GAS PRICE ($/M)	3.017
MAXIMUM OIL PRICE ($/B)	52.930	MAXIMUM GAS PRICE ($/M)	4.679
GROSS OIL WELLS	0.	GROSS GAS WELLS	15.
CUMULATIVE OIL (MBBL)	0.000	CUMULATIVE GAS (MMF)	0.000
REMAINING OIL (MBBL)	29.437	REMAINING GAS (MMCF)	2183.701
ULTIMATE OIL (MBBL)	29.437	ULTIMATE GAS (MMCF)	2183.701
INITIAL WI (PCT)	69.131	FINAL WI (PCT)	66.000
INITIAL NET OIL (PCT)	58.080	FINAL NET OIL (PCT)	58.080
INITIAL NET GAS (PCT)	58.195	FINAL NET GAS (PCT)	58.080

PRESENT WORTH PROFILE AND
---- RATE-OF-RETURN VS. BONUS TABLE ---

P.W. FACTOR %	B.F.I.T. WORTH M$	A.F.I.T. WORTH M$	A.F.I.T. BONUS M$
0.00	3466.7	2883.4	3474.0
5.00	1694.8	1408.8	1570.7
10.00	974.8	808.3	872.3
15.00	614.0	506.6	537.1
20.00	405.8	332.1	348.1
25.00	273.7	221.1	229.9
30.00	184.2	145.8	150.7
35.00	120.7	92.2	94.9
40.00	74.1	52.9	54.1
50.00	12.1	0.4	0.2
60.00	-25.5	-31.4	-32.2
70.00	-49.3	-51.5	-52.5
80.00	-64.7	-64.5	-65.6
90.00	-74.8	-73.0	-74.0
100.00	-81.4	-78.5	-79.4

WRIGHT & COMPANY, INC.
BRENTWOOD, TENNESSEE
D. RANDALL WRIGHT / PROJECT MANAGER
JOHNNY STAMPER / SR. PETROLEUM CONSULTANT
STEPHANIE L. MATLOCK / TECHNICAL ANALYST

Exhibit F2

PROVED UNDEVELOPED (PUD)
PROPERTIES LOCATED IN OH, PA & WV
TO THE INTERESTS OF
DIVERSIFIED GAS & OIL PLC

DATE : 10/10/2016
TIME : 14:36:00
SETUP : WRI0816
SCENARIO : DRI0816

A F T E R   T A X   E C O N O M I C S

UTILIZING SPECIFIED ECONOMICS

JOB 16.1800

EFFECTIVE DATE: 08/2016

--END-- MO-YEAR	TAXABLE CASH FLOW M$	DEPRECIA- TION M$	DEPLETION M$	INTANG. EXPENSED M$	INTEREST PAID & CAP M$	TAXABLE INCOME M$	TAX CREDIT M$	TAXES PAYABLE M$	CASH FLOW ATAX M$	10.0% CUM. DISC ATAX M$
12-2016	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12-2017	122.947	18.490	0.000	1536.000	0.000	-1431.543	51.200	-294.562	-1630.491	-1456.675
12-2018	2339.541	729.095	0.000	8379.000	0.000	-6768.554	279.300	-1429.954	-7402.507	-7696.382
12-2019	4093.802	1215.696	0.000	6243.750	0.000	-3365.644	208.125	-780.284	-3450.912	-10354.026
12-2020	5074.755	1473.926	0.000	6075.000	0.000	-2474.172	202.500	-623.109	-2402.137	-12047.434
12-2021	6003.994	1645.147	0.000	6243.750	0.000	-1884.899	208.125	-528.557	-1792.440	-13206.917
12-2022	6731.378	1787.721	0.000	6075.000	0.000	-1131.344	202.500	-394.828	-973.793	-13793.392
12-2023	5966.895	1461.114	0.000	0.000	0.000	4505.774	0.000	765.982	5200.908	-11103.222
12-2024	4794.332	1202.536	0.000	0.000	0.000	3591.798	0.000	610.605	4183.730	-9135.917
12-2025	4104.565	825.888	0.000	0.000	0.000	3278.675	0.000	557.375	3547.196	-7619.567
12-2026	3633.032	565.080	0.000	0.000	0.000	3067.958	0.000	521.553	3111.483	-6410.389
12-2027	3284.576	381.536	0.000	0.000	0.000	2903.041	0.000	493.517	2791.064	-5424.338
12-2028	3016.586	196.219	0.000	0.000	0.000	2820.366	0.000	479.463	2537.127	-4609.486
12-2029	2860.689	15.052	0.000	0.000	0.000	2845.636	0.000	483.759	2376.934	-3915.482
12-2030	2601.406	0.000	0.000	0.000	0.000	2601.406	0.000	442.239	2159.166	-3342.372
12-2031	2381.721	0.000	0.000	0.000	0.000	2381.721	0.000	404.893	1976.828	-2865.360
12-2032	2192.406	0.000	0.000	0.000	0.000	2192.406	0.000	372.709	1819.699	-2466.183
12-2033	2026.151	0.000	0.000	0.000	0.000	2026.151	0.000	344.446	1681.708	-2130.813
12-2034	1877.993	0.000	0.000	0.000	0.000	1877.993	0.000	319.259	1558.733	-1848.226
12-2035	1743.131	0.000	0.000	0.000	0.000	1743.131	0.000	296.332	1446.796	-1609.777
S TOT	64849.900	11517.501	0.000	34552.500	0.000	18779.902	1151.750	2040.838	16739.092	-1609.777
AFTER	15042.027	0.000	0.000	0.000	0.000	15042.027	0.000	2557.145	12484.887	-444.354
TOTAL	79891.928	11517.501	0.000	34552.500	0.000	33821.928	1151.750	4597.984	29223.980	-444.354

BTAX RATE OF RETURN (PCT)	9.49	ATAX RATE OF RETURN (PCT)	9.74
BTAX PAYOUT YEARS	11.39	ATAX PAY OUT YEARS	10.99
BTAX PAYOUT YEARS (DISC)	49.75	ATAX PAY OUT YEARS (DISC)	49.75
BTAX NET INCOME/INVEST	1.73	ATAX NET INCOME/INVEST	1.63
BTAX NET INCOME/INVEST(DISC)	0.97	ATAX NET INCOME/INVEST(DISC)	0.99
PRODUCTION START DATE	08/2015	PROJECT LIFE (YEARS)	49.75
		DISCOUNT - RATE (PCT)	10.00
INITIAL OIL PRICE ($/B)	50.522	INITIAL GAS PRICE ($/M)	3.003
MAXIMUM OIL PRICE ($/B)	52.930	MAXIMUM GAS PRICE ($/M)	4.679
GROSS OIL WELLS	0.	GROSS GAS WELLS	202.
CUMULATIVE OIL (MBBL)	0.000	CUMULATIVE GAS (MMF)	0.000
REMAINING OIL (MBBL)	904.205	REMAINING GAS (MMCF)	19497.762
ULTIMATE OIL (MBBL)	904.205	ULTIMATE GAS (MMCF)	19497.762
INITIAL WI (PCT)	100.000	FINAL WI (PCT)	100.000
INITIAL NET OIL (PCT)	84.227	FINAL NET OIL (PCT)	84.268
INITIAL NET GAS (PCT)	84.035	FINAL NET GAS (PCT)	84.000

PRESENT WORTH PROFILE AND
---- RATE-OF-RETURN VS. BONUS TABLE ---

P.W. FACTOR %	B.F.I.T. WORTH M$	A.F.I.T. WORTH M$	A.F.I.T. BONUS M$
0.00	33822.0	29223.9	35209.6
5.00	8856.0	8035.0	8907.7
10.00	-995.7	-444.4	-472.6
15.00	-5229.9	-4158.8	-4366.2
20.00	-7068.6	-5819.4	-6043.2
25.00	-7785.8	-6506.0	-6707.1
30.00	-7947.4	-6702.4	-6874.1
35.00	-7827.0	-6644.9	-6789.3
40.00	-7564.9	-6456.1	-6577.3
50.00	-6882.2	-5920.7	-6007.2
60.00	-6177.8	-5347.2	-5410.4
70.00	-5533.4	-4813.1	-4860.5
80.00	-4967.5	-4338.8	-4375.1
90.00	-4477.5	-3924.8	-3953.2
100.00	-4054.8	-3565.4	-3588.1

WRIGHT & COMPANY, INC.
BRENTWOOD, TENNESSEE
D. RANDALL WRIGHT / PROJECT MANAGER
JOHNNY STAMPER / SR. PETROLEUM CONSULTANT
STEPHANIE L. MATLOCK / TECHNICAL ANALYST

<u>**Exhibit G**</u>

DIVERSIFIED GAS & OIL PLC

NYMEX Pricing

August 1, 2016 Settlements											
Month	**WTI**	**Henry Hub**	**Month**	**WTI**	**Henry Hub**	**Month**	**WTI**	**Henry Hub**	**Month**	**WTI**	**Henry Hub**
Aug 16	40.06	2.945	Jan 20	50.74	3.247	Jun 23	52.93	3.373	Nov 26	52.93	4.134
Sep 16	40.06	2.771	Feb 20	50.83	3.215	Jul 23	52.93	3.411	Dec 26	52.93	4.307
Oct 16	40.84	2.818	Mar 20	50.94	3.150	Aug 23	52.93	3.447	Jan 27	52.93	4.449
Nov 16	41.62	2.980	Apr 20	51.05	2.880	Sep 23	52.93	3.456	Feb 27	52.93	4.429
Dec 16	42.39	3.239	May 20	51.18	2.873	Oct 23	52.93	3.501	Mar 27	52.93	4.359
Jan 17	43.08	3.357	Jun 20	51.32	2.905	Nov 23	52.93	3.579	Apr 27	52.93	4.024
Feb 17	43.66	3.344	Jul 20	51.34	2.942	Dec 23	52.93	3.729	May 27	52.93	4.009
Mar 17	44.16	3.295	Aug 20	51.41	2.970	Jan 24	52.93	3.873	Jun 27	52.93	4.044
Apr 17	44.58	3.030	Sep 20	51.51	2.971	Feb 24	52.93	3.848	Jul 27	52.93	4.089
May 17	44.93	3.002	Oct 20	51.63	3.001	Mar 24	52.93	3.786	Aug 27	52.93	4.129
Jun 17	45.24	3.034	Nov 20	51.77	3.074	Apr 24	52.93	3.531	Sep 27	52.93	4.144
Jul 17	45.52	3.063	Dec 20	51.94	3.222	May 24	52.93	3.521	Oct 27	52.93	4.199
Aug 17	45.78	3.073	Jan 21	51.98	3.357	Jun 24	52.93	3.553	Nov 27	52.93	4.304
Sep 17	46.05	3.054	Feb 21	52.03	3.329	Jul 24	52.93	3.598	Dec 27	52.93	4.499
Oct 17	46.32	3.078	Mar 21	52.11	3.265	Aug 24	52.93	3.634	Jan 28	52.93	4.644
Nov 17	46.60	3.133	Apr 21	52.20	3.000	Sep 24	52.93	3.645	Feb 28	52.93	4.619
Dec 17	46.89	3.265	May 21	52.31	2.995	Oct 24	52.93	3.695	Mar 28	52.93	4.549
Jan 18	47.10	3.366	Jun 21	52.45	3.027	Nov 24	52.93	3.777	Apr 28	52.93	4.184
Feb 18	47.30	3.331	Jul 21	52.43	3.064	Dec 24	52.93	3.929	May 28	52.93	4.169
Mar 18	47.48	3.244	Aug 21	52.46	3.098	Jan 25	52.93	4.071	Jun 28	52.93	4.204
Apr 18	47.68	2.859	Sep 21	52.53	3.101	Feb 25	52.93	4.046	Jul 28	52.93	4.249
May 18	47.88	2.821	Oct 21	52.64	3.137	Mar 25	52.93	3.980	Aug 28	52.93	4.289
Jun 18	48.08	2.846	Nov 21	52.77	3.216	Apr 25	52.93	3.705	Sep 28	52.93	4.304
Jul 18	48.23	2.876	Dec 21	52.93	3.366	May 25	52.93	3.691	Oct 28	52.93	4.359
Aug 18	48.39	2.886	Jan 22	52.93	3.511	Jun 25	52.93	3.724	Nov 28	52.93	4.474
Sep 18	48.56	2.869	Feb 22	52.93	3.486	Jul 25	52.93	3.766	Dec 28	52.93	4.679
Oct 18	48.74	2.894	Mar 22	52.93	3.424	Aug 25	52.93	3.804	Thereafter	52.93	4.679
Nov 18	48.93	2.964	Apr 22	52.93	3.164	Sep 25	52.93	3.817			
Dec 18	49.13	3.109	May 22	52.93	3.159	Oct 25	52.93	3.872			
Jan 19	49.23	3.224	Jun 22	52.93	3.191	Nov 25	52.93	3.959			
Feb 19	49.33	3.191	Jul 22	52.93	3.229	Dec 25	52.93	4.119			
Mar 19	49.44	3.124	Aug 22	52.93	3.265	Jan 26	52.93	4.261			
Apr 19	49.56	2.839	Sep 22	52.93	3.270	Feb 26	52.93	4.239			
May 19	49.70	2.828	Oct 22	52.93	3.310	Mar 26	52.93	4.171			
Jun 19	49.86	2.857	Nov 22	52.93	3.389	Apr 26	52.93	3.866			
Jul 19	49.94	2.892	Dec 22	52.93	3.539	May 26	52.93	3.851			
Aug 19	50.05	2.905	Jan 23	52.93	3.683	Jun 26	52.93	3.886			
Sep 19	50.18	2.891	Feb 23	52.93	3.658	Jul 26	52.93	3.931			
Oct 19	50.33	2.908	Mar 23	52.93	3.596	Aug 26	52.93	3.971			
Nov 19	50.49	2.979	Apr 23	52.93	3.346	Sep 26	52.93	3.986			
Dec 19	50.66	3.125	May 23	52.93	3.341	Oct 26	52.93	4.041			

*August 1, 2016 Flow Date Posted Price

Exhibit H
DIVERSIFIED GAS & OIL PLC
Professional Qualifications
D. Randall Wright, President

I, D. Randall Wright, am the primary technical person in charge of the estimates of reserves and associated cash flow and economics on behalf of Wright & Company, Inc. (Wright) for the results presented in this report to Diversified Gas & Oil PLC. I have a Master of Science degree in Mechanical Engineering from Tennessee Technological University.

I am a qualified Reserves Estimator as set forth in the *"Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information"* promulgated by the Society of Petroleum Engineers. I am also qualified as a Competent Person (CP) as defined by the Alternative Investment Market (AIM). This qualification is based on more than 40 years of practical experience in the estimation and evaluation of petroleum reserves with Texaco, Inc., First City National Bank of Houston, Sipes, Williamson & Associates, Inc., Williamson Petroleum Consultants, Inc., and Wright which I founded in 1988.

I am a registered Professional Engineer in the state of Texas (TBPE #43291), granted in 1978, a member of the Society of Petroleum Engineers (SPE) and a member of the Order of the Engineer.

D. Randall Wright

D. Randall Wright, P.E.
TX Reg. No. F-12302

Exhibit I
DIVERSIFIED GAS & OIL PLC
Confirmations

In accordance with your instructions, Wright & Company, Inc. (Wright) hereby confirms that:

(a) Wright consents to the CPR to be issued into the public domain by DGO.

(b) Wright accepts responsibility for the CPR and for any information sourced from the CPR. In accordance with Schedule Two to the AIM Rules (and paragraph 1.2 of Annex 1 of Appendix 3 to the Financial Conduct Authority's Prospectus Rules), Wright confirms, to the best of the knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained therein is in accordance with the facts and contains no omission likely to affect the import of such information;

(c) Wright confirms that it is unaware of any material change in circumstances to those stated in the CPR;

(d) D. Randall Wright, President of Wright, who supervised the evaluation, is professionally qualified and a member in good standing of the Society of Petroleum Engineers (SPE);

(e) Wright has the relevant and appropriate qualifications, experience, and technical knowledge to professionally and independently appraise the assets of DGO, which we have reported on;

(f) Wright considers that the scope of the CPR is appropriate and was prepared to a standard expected in accordance with the *Note on Mining and Oil & Gas Companies* issued by the London Stock Exchange;

(g) Wright has at least five years relevant experience in the estimation, assessment, and evaluation of oil, gas, and other liquid hydrocarbons under consideration;

(h) Wright is an independent petroleum consulting firm founded in 1988 and is independent of DGO and its directors, senior management and advisers, has no material interest in DGO or its properties and has acted as an independent competent person for the purposes of providing a report on the assets;

(i) No employee, officer, or director of Wright is an employee, officer, or director of DGO, nor does Wright or any of its employees have direct financial interest in DGO. Neither the employment of nor the compensation received by Wright is contingent upon the values assigned or the opinions rendered regarding the properties covered by this CPR; and

(j) Wright is not a sole practitioner.

PART VIII
ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

The Company and the Directors, whose names and functions are set out on page 5 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. THE COMPANY

2.1 The Company was incorporated in England and Wales under the 2006 Act on 31 July 2014 with company number 09156132 as a public limited company. On 5 January 2015 the Company obtained a trading certificate pursuant to section 761 of the 2006 Act entitling it to do business and borrow.

2.2 The registered office of the Company is 27/28 Eastcastle Street, London W1W 8DH. The Company's website, which discloses the information required by Rule 26 of the AIM Rules for Companies is www.diversifiedgasandoil.com. The Company's trading address is 1100 Corporate Drive, Birmingham, Alabama 35242, USA. The Company's telephone number is +1-205-408-0909.

2.3 The principal activity of the Company is to act as a holding company. It acts as the holding company of the Group, whose principal activities are described more fully in Part II of this document. Details of the Company's subsidiaries are set out in paragraph 4 of this Part VIII.

2.4 The Company has no administrative, management or supervisory bodies other than the Board, the Remuneration Committee and Audit Committee, details of which are set out in Part II of this document.

2.5 The Company is governed by its Articles and the principal legislation under which the Company operates is the 2006 Act and the regulations made thereunder.

2.6 The Group's auditors are Crowe Clark Whitehill LLP, St Bride's House, 10 Salisbury Square, London, EC4Y 8EH. Crowe Clark Whitehill LLP is a member of the Institute of Chartered Accountants in England and Wales.

2.7 The accounting reference date of the Company is 31 December.

2.8 The International Security Identification Number or "ISIN" for the Ordinary Shares is GB00BYX7JT74.

2.9 The liability of the Shareholders is limited.

2.10 The Company is domiciled in England and Wales.

3. SHARE CAPITAL OF THE COMPANY

3.1 The issued fully paid up share capital of the Company before the Placing and Buyback Share Offer and as it is expected to be immediately following Admission, is as follows:

Ordinary Shares	*Aggregate nominal value*	*Number of Ordinary Shares*
Prior to Admission	£ 442,104.81	44,210,481
Immediately following Admission	£ 1,055,912.50	105,591,250

3.2 The Company does not have an authorised share capital. The Company was incorporated with a share capital of £50,000 divided into 5,000,000 Ordinary Shares of £0.01 each which were fully paid. The initial subscribers were Robert Hutson Jr. and Robert Post, each of whom subscribed for 2,500,000 Ordinary Shares.

3.3 The following Ordinary Shares in the Company were allotted on the following dates:

(a) on or around 10 June 2015: (i) 17,500,000 Ordinary Shares were issued to Robert Hutson Jr.; and (ii) 17,500,000 Ordinary Shares were issued to Robert Post in consideration for the transfer to the Company of the entire issued share capital of Diversified Gas & Oil Corporation pursuant to a share exchange agreement dated 10 June 2015 as more fully described in paragraph 12.20 of this document;

(b) on 2 December 2015, 1,200,000 Ordinary Shares were issued to Martin Thomas for cash;

(c) on 19 May 2016, 800,000 Ordinary Shares were issued to Martin Thomas for cash; and

(d) on 24 October 2016, 2,210,481 Ordinary Shares were issued to Bradley Gray upon his joining the Company,

following which the share capital of the Company was £442,104.81 divided into 44,210,481 Ordinary Shares with a nominal value of £0.01 each.

The Ordinary Shares issued to Bradley Gray are subject to the terms of the Restricted Stock Agreement, as set out in paragraph 12.22 of this Part VIII.

3.4 On 29 January 2017, the Company adopted the Articles, conditional on Admission, which confer authority on the Directors:

(a) for the purposes of section 551 of the 2006 Act, to allot equity securities (as within the meaning of section 560 of the 2006 Act) of the Company conditional upon Admission:

(i) up to an aggregate nominal amount of £719,398.94 in pursuant to the Placing, the Buyback Share Offer and the Share Option Scheme; and

(ii) otherwise than pursuant to paragraph (i) above, up to an aggregate nominal value of £320,000,

such authorisation expiring on the date of the next annual general meeting of the Company; and

(b) in accordance with section 570 of the 2006 Act, to allot equity securities of the Company pursuant to the authority set out in (a) above as if the statutory pre-emption provisions set out in section 561 of the 2006 Act did not apply, provided that such authority shall be limited to:

(i) the issue of up to 71,939,894 new Ordinary Shares pursuant to the Placing, the Buyback Share Offer and the Share Option Scheme; and

(ii) otherwise than pursuant to (i) above, the issue of equity securities of the Company up to an aggregate nominal value of £116,150,

such authorisation expiring on the date of the next annual general meeting of the Company.

3.5 The number of Existing Ordinary Shares is 44,210,481. The Company will, pursuant to the Placing (and in accordance with the terms of the Placing Agreement), allot 61,000,000 Placing Shares at the Placing Price, conditionally upon Admission. In addition, the Company will allot 380,769 new Ordinary Shares pursuant to the Buyback Share Offer to Bondholders. Accordingly, immediately following Admission the issued share capital of the Company will increase to £105,591.25 divided into 105,591,250 Ordinary Shares.

3.6 The Placing Shares and the Bond Conversion Shares will, following allotment, 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.

3.7 The holders of Existing Ordinary Shares will be diluted by the issue of the Placing Shares and the Bond Conversion 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) and the Bond Conversion Shares will be that holders of Existing Ordinary Shares at the date of this document will own 41.9 per cent. of the Enlarged Share Capital following Admission.

3.8 As more fully summarised in Part II of this document, the Company has issued Bonds as follows:

Date of announcement	Volume	Par Value £	Proceeds £	Cumulative volume	Cumulative proceeds £
24/06/2015	565,944	1	565,944	565,944	565,944
05/08/2015	640,000	1	640,000	1,205,944	1,205,944
15/10/2015	1,000,000	1	1,000,000	2,205,944	2,205,944
19/11/2015	1,000,000	1	1,000,000	3,205,944	3,205,944
23/12/2015	960,000	1	960,000	4,165,944	4,165,944
14/03/2016	1,000,000	1	1,000,000	5,165,944	5,165,944
17/03/2016	630,000	1	630,000	5,795,944	5,795,944
08/04/2016	927,300	1	927,300	6,723,244	6,723,244
14/04/2016	165,000	1	165,000	6,888,244	6,888,244
10/05/2016	15,200	1	15,200	6,903,444	6,903,444
11/05/2016	2,100,000	1	2,1000,000	9,003,444	9,003,444
17/05/2016	15,240	1	15,240	9,018,684	9,018,684
01/06/2016	420,000	1	420,000	9,438,684	9,438,684
23/06/2016	20,000	1	20,000	9,458,684	9,458,684
08/07/2016	16,200	1	16,200	9,474,884	9,474,884
28/07/2016	460,000	1	460,000	9,934,884	9,934,884
25/08/2016	30,000	1	30,000	9,964,884	9,964,884
02/09/2016	685,000	1	685,000	10,649,884	10,649,884

Source: Company

Robert Post and Rusty Hutson Jr. (being the only Directors holding Bonds) have accepted the Cash Alternative Offer in respect of their holding of, in aggregate, £432,000 of Bonds. The terms of the Bonds are summarised in paragraph 12.9 of this Part VIII.

3.9 Save as disclosed in this Part VIII, as at the date of this document:

(a) no shares in the capital of the Company or of any member of the Group are under option or are the subject of an agreement, conditional or unconditional, to be put under option;

(b) no shares in the capital of the Company have been issued, or are now proposed to be issued, otherwise than fully paid;

(c) there are no shares in the capital of the Company which do not represent capital;

(d) no person has any preferential subscription rights for any share capital of the Company;

(e) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any shares in the capital of the Company;

(f) the Company does not hold any of its own Ordinary Shares as treasury shares and none of the Company's subsidiaries hold any Ordinary Shares;

(g) the Company has no convertible debt securities, exchangeable debt securities or debt securities with warrants in issue; and

(h) there are no acquisition rights or obligations over the unissued share capital of the Company and there is no undertaking to increase the share capital of the Company.

4. SUBSIDIARIES

The Company has the following subsidiaries:

4.1 Diversified Gas and Oil Corporation was incorporated on 24 March 2014 in Delaware as a corporation. Its company federal employer identification number ("**FEIN**") is 46-5279721. Its business address is 1100 Corporate Drive, Birmingham, Alabama, 35242, United States and registered address is Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 1980, United States. Diversified Gas and Oil Corporation is wholly owned by the Company.

4.2 Diversified Resources, Inc. was incorporated on 7 June 2006 in West Virginia as a corporation. Its company FEIN is 86-1169388. Its business address is 1100 Corporate Drive, Birmingham, Alabama, 35242, United States and its registered agent and address is Scott E. Wilson, Waters, Warner & Harris P.O. Box 1716, Clarksburg WV26302–1716, United States. Diversified Resources, Inc is wholly owned by Diversified Gas and Oil Corporation.

4.3 M&R Investments, LLC was incorporated on 11 May 2006 in the State of West Virginia as a limited liability company. Its company FEIN is 77-0663329. Its business address is 1100 Corporate Drive, Birmingham, Alabama, 35242, United States and its registered agent and address is Robert R. Hutson Jr. P.O. Box 381087 Birmingham, AL 35238, United States. M&R Investments, LLC is wholly owned by Diversified Gas and Oil Corporation.

4.4 M&R Investments Ohio, LLC was incorporated on 14 May 2010 in the State of Ohio as a limited liability company. Its company FEIN is 27-2599239. Its business address is 1100 Corporate Drive, Birmingham, Alabama, 35242, United States and its registered agent and address is National Registered Agents Inc. 1300 East Ninth Street, Cleveland, Ohio 44114, United States. M&R Investments Ohio, LLC is wholly owned by Diversified Gas and Oil Corporation.

4.5 Marshall Gas & Oil Corporation was incorporated on 26 February 1996 in Etowah County, Alabama, as a corporation. Its company FEIN is 72-1351013. Its business address is 1100 Corporate Drive, Birmingham, Alabama, 35242, United States and its registered agent is Robert M. Post and address is 2286 Steel Station Road, Rainbow City, AL 35906, United States. Marshall Gas and Oil Corporation is wholly owned by Diversified Gas and Oil Corporation.

4.6 R&K Oil & Gas, Inc. was incorporated on 7 August 2001 in West Virginia as a corporation. Its company FEIN is 31-1793779. Its business address is 1100 Corporate Drive, Birmingham, Alabama, 35242, United States and the registered agent and address is Robert R. Hutson Jr. P.O. Box 381087 Birmingham, AL 35238, United States. R&K Oil and Gas, Inc. is wholly owned by Diversified Gas and Oil Corporation.

4.7 Fund 1 DR, LLC was incorporated on 15 January 2013 in Nevada as a limited liability company. Its company FEIN is 46-1790185. Its business address is 1100 Corporate Drive, Birmingham, Alabama, 35242, United States and the registered agent and address is The Corporation Trust Company of Nevada, 7015 Carson Street, Suite 200, Carson City, NV89701, United States. Fund 1 DR, LLC is wholly owned by Diversified Gas and Oil Corporation.

4.8 Diversified Oil & Gas LLC was incorporated on 12 February 2012 in Alabama as a limited liability company. Its company FEIN is 45-4551458. Its business address is 1100 Corporate Drive, Birmingham, Alabama, 35242, United States and the registered agent and address is Robert R. Hutson Jr., 251 Stonegate Drive, Birmingham, AL 35242, United States. Diversified Oil & Gas LLC is wholly owned by Diversified Gas and Oil Corporation.

4.9 Diversified Appalachian Group LLC was incorporated on 22 June 2016 in Alabama as a limited liability company. Its company FEIN is 81-3018961. Its business address is 1100 Corporate Drive, Birmingham, Alabama, 35242, United States and the registered agent and address is Robert R. Hutson Jr., 251 Stonegate Drive, Birmingham, AL 35242, United States. Diversified Gas & Oil LLC is wholly owned by Diversified Gas and Oil Corporation.

5. ARTICLES OF ASSOCIATION

5.1 The intention of the Company is to carry on business as a holding company of the Group.

5.2 The Articles which were adopted by the Shareholders, conditional on Admission, in their current amended and restated form pursuant to a resolution passed at a general meeting of the Company held on 29 January 2017, contain provisions which are summarised below in this paragraph 5:

Liability of Shareholders

The liability of the Shareholders of the Company is limited to the amount, if any, unpaid on the Ordinary Shares held by them.

Pre-emption

In certain circumstances, the Company's Shareholders may have statutory pre-emption rights under the 2006 Act in respect of the allotment of new Ordinary Shares in the Company. These statutory pre-emption rights would require the Company to offer new Ordinary Shares for allotment to existing Shareholders on a pro rata basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such Ordinary Shares would be offered to the Company's Shareholders.

Share Rights

Save as may be permitted by the 2006 Act, the Company shall not give financial assistance, whether directly or indirectly, for the purpose of the acquisition of any Ordinary Shares in the Company or its holding company (if any) or for reducing or discharging any liability incurred for the purpose of any such acquisition.

Subject to the 2006 Act and to the authority of the Company in an annual general meeting or a general meeting required by the 2006 Act, the Directors shall have unconditional authority to allot, grant options over, offer or otherwise deal with or dispose of any unissued Ordinary Shares of the Company to such persons, at such times and generally on such terms and conditions as the Directors may determine.

The Company may in connection with the issue of any Ordinary Shares exercise all powers of paying commission and brokerage conferred or permitted by the 2006 Act. Any such commission or brokerage may be satisfied in fully or partly paid Ordinary Shares in the Company, in which case, Sections 552 and 553 of the 2006 Act shall be complied with.

If two or more persons are registered as joint holders of any Ordinary Share, any one of such persons may give effectual receipts for any dividend or other moneys payable in respect of such Ordinary Share.

Subject to the provisions of the 2006 Act and to any rights conferred on the holders of any other Ordinary Shares, the Company may, with the sanction of a special resolution, issue Ordinary Shares which are to be redeemed or are liable to be redeemed at the option of the Company or of the Shareholder on such terms and in such manner as may be provided by the Articles save that the date on or by which, or dates between which, any such Ordinary Shares are to be or may be redeemed may be fixed by the Board (and if so fixed, the date or dates must be fixed before the Ordinary Shares are issued).

Calls on Ordinary Shares

Subject to the terms of issue, the Board may from time to time make calls upon the Shareholders in respect of any amounts unpaid on their Ordinary Shares. Each Shareholder shall, subject to receiving at least 14 clear days' notice, pay to the Company the amount called on his Ordinary Shares. In the event of non-payment, interest shall be payable on the amount unpaid from the day it become due until paid.

Forfeiture

If a Shareholder or person entitled by transmission fails to pay in full any call or instalment of a call on or before the day appointed for payment thereof, the Board may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest and expenses which may have accrued.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of nonpayment in accordance therewith the Ordinary Shares on which the call was made will be liable to be forfeited.

If the requirements of any such notice as aforesaid are not complied with, any Ordinary Share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited Ordinary Share and not actually paid before forfeiture. The Board may accept a surrender of any Ordinary Share liable to be forfeited hereunder in lieu of forfeiture and the provisions of the Articles shall apply to any Ordinary Share so surrendered as if it had been forfeited.

Subject to the provisions of the 2006 Act, an Ordinary Share so forfeited or surrendered shall become the property of the Company and may be sold, reallotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto, or to any other person, upon such terms and in such manner as the Board shall think fit. At any time before a sale, reallotment or disposal the forfeiture or surrender may be cancelled on such terms as the Board may think fit. The Board may, if necessary, authorise some person to transfer a forfeited or surrendered Ordinary Share to any such other person as aforesaid.

A Shareholder whose Ordinary Shares have been forfeited or surrendered shall cease to be a Shareholder in respect of such Ordinary Shares (and shall surrender to the Company for cancellation the certificate for such Ordinary Shares), but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the Ordinary Shares with interest thereon at the prescribed rate. The Board may, if it thinks fit, waive the payment of all or part of such money and/or the interest payable thereon.

Lien

The Company shall have a first and paramount lien on every Ordinary Share (not being a fully paid Ordinary Share) for all amounts payable to the Company (whether presently or not) in respect of that Ordinary Share. The Board may at any time, either generally or in any particular case, waive any lien that has arisen, or declare any Ordinary Share to be wholly or partly exempt from the lien. The Company's lien on an Ordinary Share shall extend to all dividends and other moneys payable in respect of it. The Company may sell, in such manner as the Board determines, any Ordinary Share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been sent to the holder of the Ordinary Share, or to the person entitled to it by transmission, demanding payment and stating that if the notice is not complied with the Ordinary Share may be sold.

Transfer of Shares

All transfers of Ordinary Shares which are in certificated form may be effected by an instrument of transfer in any usual form or any other form which the Board may approve, and shall be signed by or on behalf of the transferor and, unless the Ordinary Share is a fully paid Ordinary Share, the transferee. The transferor will be deemed to remain the holder of the Ordinary Share until the name of the transferee is entered in the register in respect of it.

All transfers of Ordinary Shares which are in uncertificated form shall be effected in accordance with the CREST Regulations.

The Board may, in its absolute discretion and without giving any reason, decline to register the transfer of a certificated Ordinary Share which is not fully paid, provided that, in the case of a class of Ordinary Shares which have been admitted to trading on AIM, the refusal does not prevent dealings from taking place on an open and proper basis. The Board may also decline to register the transfer of a certificated Ordinary Share unless the instrument of transfer is (i) lodged, duly stamped (if stampable), at the place where the register of members of the Company is kept accompanied by the certificate for the Ordinary Share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; (ii) in respect of only one class of Ordinary Shares; and (iii) is in favour of not more than four transferees.

The Board may decline to register a transfer of an uncertificated Ordinary Share in the circumstances set out in the CREST Regulations, and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated Ordinary Share is to be transferred exceeds four.

In addition, the Board may also refuse to register a transfer of any Ordinary Share (whether a certificated Ordinary Share or not and whether fully paid or not):

(a) to an entity which is not a natural or legal person;

(b) to a minor, to a person in respect of whom a receiving order or adjudication order in bankruptcy has been made which remains undischarged or to a person who is then suffering from mental disorder and where (i) a registered medical practitioner who is treating him gives a written opinion to the Company stating that he has become physically or mentally incapable of acting as a Shareholder and may remain so for more than three months; or (ii) he is or has been suffering from mental or physical ill health and the Board shall resolve that he be disqualified.

If the Board declines to register a transfer, it shall send the transferee notice of its refusal within two months after the date on which the instrument of transfer was lodged with the Company or the instructions of the Operator (as defined in the CREST Regulations) were received.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to an Ordinary Share.

Subject to the provisions of the CREST Regulations, the Board may permit title to Ordinary Shares of any class to be evidenced otherwise than by a certificate and title to Ordinary Shares of such class to be transferred by means of a relevant system, and subject to the CREST Regulations may cancel such permission.

Failure to Disclose Interests in Ordinary Shares

If any Shareholder, or any other person appearing to be interested in Ordinary Shares held by such Shareholder, shall have been duly served with a notice under section 793 of the 2006 Act and has failed in relation to any Ordinary Shares (the "default Ordinary Shares") to give the Company the information thereby required within the prescribed period from the date of notice, the following sanctions shall apply:

(a) the Shareholder shall not be entitled in respect of the default Ordinary Shares or any other Ordinary Shares held by the Shareholder to attend and vote either personally or by proxy at any general meeting of the Company or to exercise any other right conferred on Shareholders in relation to any such meeting or poll; and

(b) where the default Ordinary Shares represent at least 0.25 per cent. in nominal value of their class the Board may direct that:

   (i) any dividend or other money payable in respect of the default Ordinary Shares shall be retained by the Company without any liability to pay interest on it and the Shareholder shall not be entitled to elect in the case of a scrip dividend to receive Ordinary Shares instead of that dividend; and

   (ii) the Shareholder shall not be entitled to transfer any of such Ordinary Shares unless required by the CREST Regulations or by way of an approved transfer, which is a transfer (1) by way of sale of the whole beneficial interest to an unconnected third party, or (2) which results from a sale made through a recognised investment exchange or any other stock exchange outside the United Kingdom on which the Company's Ordinary Shares are normally traded, or (3) pursuant to an acceptance of a takeover offer.

The above restrictions shall continue until either the default is remedied or the Ordinary Shares are the subject of an approved transfer. Any dividends withheld shall be paid to the Shareholder as soon as practicable after the above restrictions lapse.

Alterations to Capital

Except as otherwise provided by or pursuant to the Articles or by the conditions of issue, any new Ordinary Share capital shall be considered as part of the existing Ordinary Share capital, and shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien and otherwise as the existing Ordinary Share capital.

The Company may from time to time by ordinary resolution:

(a) cancel any Ordinary Shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its Ordinary Share capital by the amount of the Ordinary Shares so cancelled;

(b) subdivide its Ordinary Shares, or any of them, into Ordinary Shares of smaller amount than its existing Ordinary Shares, subject nevertheless to the provisions of Section 618(2) of the 2006 Act and so that the resolution whereby any Ordinary Share is subdivided may determine that, as between the holders of the Ordinary Shares resulting from such subdivision, one or more of the Ordinary Shares may have any such preferred or other special rights over, or may have such deferred rights, or be subject to any such restrictions, as compared with the others, as the Company has power to attach to unissued or new Ordinary Shares.

Upon any consolidation of fully paid Ordinary Shares into Ordinary Shares of larger amount the Board may settle any difficulty which may arise with regard thereto and in particular may, as between the holders of Ordinary Shares so consolidated, determine which Ordinary Shares are consolidated into each consolidated Ordinary Share and in the case of any Ordinary Shares registered in the name of one Shareholder being consolidated with Ordinary Shares registered in the name of another Shareholder the Board may make such arrangements for the allotment, acceptance and/or sale of Ordinary Shares representing fractional entitlements to the consolidated Ordinary Share or for the sale of the consolidated Ordinary Share and may sell the fractions or the consolidated Ordinary Share either upon the market or otherwise to such person at such time and at such price as it may think fit and shall distribute the net proceeds of sale among such Shareholders rateably in accordance with their rights and interests in the consolidated Ordinary Share or the fractions and for the purposes of giving effect to any such sale the Board may, in respect of certificated Ordinary Shares, appoint some person to transfer the Ordinary Shares or fractions sold to any purchaser thereof and such appointment and any transfer executed in pursuance thereof shall be effective and, in respect of uncertificated Ordinary Shares, may authorise any person to transfer such Ordinary Shares or fractions sold to any purchaser thereof in accordance with the facilities and requirements of the relevant system concerned and any transfer executed in pursuant thereof shall be effective. Provided that the Board shall have power when making such arrangements to determine that no Shareholder shall be entitled to receive such net proceeds of sale unless his entitlement exceeds such amount as the Board shall determine and if the Board exercises such power, the net proceeds of sale not distributed to Shareholders as a result shall belong absolutely to the Company. For the purposes of the Articles, any Ordinary Shares representing fractional entitlements to which any Shareholder would, but for the Articles, become entitled may be issued in certificated form or uncertificated form.

The Articles do not prevent the Company from purchasing its own Ordinary Shares in accordance with the provisions of the 2006 Act.

Variation of rights

Subject to the provisions of the 2006 Act, if at any time the capital of the Company is divided into different classes of Ordinary Shares, rights attached to any class of Ordinary Shares may be varied or abrogated either with the written consent of the holders of not less than three-quarters in nominal value of the issued Ordinary Shares of that class (excluding any Ordinary Shares of that class held as treasury Ordinary Shares), or with the sanction of a special resolution passed at a separate general meeting of the holders of those Ordinary Shares.

Annual General Meetings

An annual general meeting of the Company shall be held in each year in addition to any other meetings which may be held in that year, and such meeting shall be specified as the annual general meeting in the notices calling it. Subject to the provisions of the 2006 Act, the annual general meeting shall be held at such time and place as the Directors shall appoint.

General Meetings

The Directors may convene a general meeting of the Company whenever they think fit and general meetings shall also be convened on such requisition, by Shareholders as provided by the 2006 Act, whereupon the Directors shall forthwith proceed to convene a general meeting in accordance with the requirements of the 2006 Act. If at any time there are not sufficient Directors capable of acting to form a quorum of the Directors, any Director or any two Shareholders of the Company may convene a general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

Two persons entitled to vote upon the business to be transacted, each being a Shareholder or a proxy for a Shareholder or a duly authorised representative of a corporation which is a Shareholder, shall be a quorum. In calculating whether a quorum is present for the purposes of the Articles, if two or more persons are appointed as proxies for the same Shareholder or two or more persons are appointed as corporate representatives of the same corporate Shareholder, only one of such proxies or one of such corporate representatives shall be counted.

At least 21 clear days' notice of every annual general meeting and at least 14 clear days' notice of every general meeting shall be given in the manner hereinafter mentioned to such Shareholders as are under the provisions of the Articles entitled to receive such notices from the Company and to the auditors of the Company. Every notice of meeting shall specify the place, day and hour of meeting and, in the case of special business, the general nature of such business and shall also state with reasonable prominence that a Shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and to speak and to vote instead of him (provided that, where more than one proxy is appointed, each proxy is appointed to exercise the rights attached to a different Ordinary Share or Ordinary Shares) and that a proxy need not also be a Shareholder. In the case of a meeting convened for passing a special resolution, the notice shall specify the intention to propose the resolution as a special resolution. Subject to the provisions of the Articles, to the rights attaching to any class of Ordinary Shares and to any restrictions imposed on any holder, notice shall be given to all Shareholders, the Directors and the auditors.

Voting Rights

Subject to any special terms as to voting upon which any Ordinary Shares may be issued, or may for the time being be held:

(a) upon a show of hands:

  (i) every Shareholder who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative and in each case is entitled to vote shall have one vote;

  (ii) every proxy present who has been duly appointed by a Shareholder shall have one vote; and

  (iii) every corporate representative present who has been duly authorised by a corporation shall have the same voting rights as the corporation would be entitled to; and

(b) upon a poll, every Shareholder present in person or by proxy and entitled to vote shall have one vote for every Ordinary Share held by him and a person entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

In the case of joint Shareholders, the person whose name stands first in the register of members and who votes in person or by proxy is entitled to vote to the exclusion of all other joint holders.

No member shall be entitled to vote at any general meeting unless all moneys presently payable by him in respect of Ordinary Shares in the Company have been paid.

City Code

If at any time when the City Code does not apply to the Company, a person (together with any persons held to be acting in concert with him) acquires any interest in Ordinary Shares in the Company which would have obliged them to extend an offer (a "mandatory offer") to the holders of all other Ordinary Shares in the Company had the City Code applied, the Directors have the discretion (but not the obligation) to disenfranchise such person until a compliant mandatory offer is made.

Directors

Until otherwise determined by an annual general meeting or a general meeting, the number of Directors (other than alternate directors) shall not be less than two. The Company may by ordinary resolution from time to time vary the minimum and maximum number of Directors.

The Board may from time to time and at any time appoint any other person to be a Director either to fill a casual vacancy or by way of addition to the Board. A Director so appointed shall hold office only until the annual general meeting following next after his appointment, when he shall retire, but shall then be eligible for reelection.

There shall be paid out of the funds of the Company to the Directors of the Company (other than Directors appointed to an executive office or alternate directors) such remuneration (by way of fee) for their services to the Company as the Directors may determine, such sum to be deemed to accrue from day to day and to be divided among such Directors (other than Directors appointed to an executive office or alternate directors) in such proportion and manner as they may agree or, in default of agreement, equally provided that any such Director holding the office of non-executive Director for part of a year shall unless otherwise agreed be entitled only to a proportionate part of such remuneration, save that unless otherwise approved by ordinary resolution of the Company in annual general meeting or general meeting the aggregate of the remuneration (by way of fee) of all the Directors (other than Directors appointed to an executive office or alternate directors) shall not exceed £250,000 per annum. The Company may by ordinary resolution increase the amount of the fees payable under the Articles either permanently or for a year or longer term.

The Directors shall be entitled to be repaid all travelling, hotel and other incidental expenses properly incurred by them respectively in and about the performance of their duties as a Director.

Interests of Directors

Provided he has declared his interest in accordance with the Articles, a Director may hold any other office or place of profit under the Company (except that of auditor) in conjunction with his office of Director and subject to Section 188 of the 2006 Act on such terms as to remuneration and otherwise as the Board shall arrange.

Without prejudice to the requirements of the 2006 Act:

(a) a Director who is in any way, whether directly or indirectly, interested in a proposed transaction or arrangement with the Company shall declare the nature and extent of his interest to the other Directors before the Company enters into the transaction or arrangement;

(b) a Director who is in any way, whether directly or indirectly, interested in a transaction or arrangement that has been entered into by the Company shall declare the nature and extent of his interest to the other Directors as soon as is reasonably practicable, unless the interest has already been declared under (a) above;

(c) any declaration required by (a) above may (but need not) be made at a meeting of the Directors or by notice in writing in accordance with Section 184 of the 2006 Act or by general notice in accordance with Section 185 of the 2006 Act. Any declaration required by (b) above must be made at a meeting of the Directors or by notice in writing in accordance with Section 184 of the 2006 Act or by general notice in accordance with Section 185 of the 2006 Act;

(d) a Director need not declare an interest under the Articles if:

    (i) it cannot reasonably be regarded as likely to give rise to a conflict of interest;

    (ii) or to the extent that the other Directors are already aware of it (and for this purpose the other Directors are treated as aware of anything of which they ought reasonably to be aware);

    (iii) or to the extent that it concerns terms of his service contract that have been or are to be considered by a meeting of the Directors or by a committee of the Directors appointed for the purpose under these articles; or

    (iv) the Director is not aware of his interest or is not aware of the transaction or arrangement in question (and for this purpose a Director is treated as being aware of matters of which he ought reasonably to be aware).

Subject to the provisions of the 2006 Act and provided that he has declared to the Board the nature and extent of any direct or indirect interest of his in accordance with the Articles (or where no declaration of interest is required) a Director notwithstanding his office:

(a) may be a party to, or otherwise be interested in, any transaction or arrangement with the Company or in which the Company is directly or indirectly interested;

(b) may act by himself or through his firm in a professional capacity for the Company (otherwise than as auditor), and in any such case on such terms as to remuneration and otherwise as the Board may decide; or

(c) may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise be interested in, any body corporate in which the Company is directly or indirectly interested.

For the purposes of Section 175 of the 2006 Act, the Board may authorise any matter proposed to it in accordance with the Articles which would, if not so authorised, involve a breach of duty by a Director under that Section, including, without limitation, any matter which relates to a situation in which a Director has, or can have, an interest which conflicts, or possibly may conflict, with the interests of the Company. Any such authorisation will be effective only if: (i) any requirement as to quorum at the meeting at which the matter is considered is met without counting the Director in question or any other interested Director; and (ii) the matter was agreed to without their voting or would have been agreed to if their votes had not been counted.

A Director shall be under no duty to the Company with respect to any information which he obtains or has obtained otherwise than as a Director of the Company and in respect of which he owes a duty of confidentiality to another person. However, to the extent that his relationship with that other person gives rise to a conflict or possible conflict of interest, this provision applies only if the existence of that relationship has been authorised by the Board pursuant to the Articles. In particular, the Director shall not be in breach of the general duties he owes to the Company by virtue of Sections 171 to 177 of the 2006 Act because he fails: (i) to disclose any such information to the Board or to any Director or other officer or employee of the Company; or (ii) to use or apply any such information in performing his duties as a Director of the Company.

Where the existence of a Director's relationship with another person has been authorised by the Board pursuant to the Articles and his relationship with that person gives rise to a conflict of interest or possible conflict of interest, the Director shall not be in breach of the general duties he owes to the Company by virtue of Sections 171 to 177 of the 2006 Act because he: (i) absents himself from meetings of the Board at which any matter relating to the conflict of interest or possible conflict of interest will or may be discussed or from the discussion of any such matter at a meeting or otherwise; and/or (ii) makes arrangements not to receive documents and information relating to any matter which gives rise to the conflict of interest or possible conflict of interest sent or supplied by the Company and/or for such documents and information to be received and read by a professional adviser for so long as he reasonably believes such conflict of interest (or possible conflict of interest) subsists.

Save as provided in the Articles, a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any interest which (together with any interest of any person connected with him) is to his knowledge a material interest otherwise than by virtue of his interests in Ordinary Shares or debentures or other securities of or otherwise through the Company or in respect of which he has any duty which conflicts with his duty to the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution in respect of which he is debarred from voting.

A Director shall not, by reason of his office, be accountable to the Company for any remuneration or other benefit which he derives from any office or employment or from any transaction or arrangement or from any interest in any body corporate: (i) the acceptance, entry into or existence of which has been authorised by the Board pursuant to the Articles (subject, in any such case, to any terms upon which such authorisation was given); or (ii) which he is permitted to hold or enter into pursuant to the Articles, nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under Section 176 of the 2006 Act. No transaction or arrangement authorised or permitted pursuant to the Articles shall be liable to be avoided on the ground of any such interest or benefit.

A Director shall (in the absence of some other interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters namely:

(a) the giving of any security, guarantee or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;

(b) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(c) any proposal concerning an offer of Ordinary Shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities or in which he is or is to be interested as a participant in the underwriting or subunderwriting thereof;

(d) any proposal concerning any other company in which he is interested (as defined in the 2006 Act) directly or indirectly and whether as an officer or Shareholder or otherwise howsoever: provided that he (together with any person connected with him within the meaning of Section 252 of the 2006 Act) is not the holder or beneficially interested in 1% or more of any class of the equity Ordinary Share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to Shareholders of the relevant company (any such interest being deemed for the purpose of the Articles to be a material interest in all circumstances);

(e) any proposal concerning the adoption modification or operation of a superannuation fund or retirement, death or disability benefits scheme or employees' Ordinary Share scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by the Board of Inland Revenue for taxation purposes and which does not award him any privilege or benefit not awarded to the employee to whom the scheme relates;

(f) any contract arrangement or proposal for the benefit of employees of the Group under which the Director benefits in a similar manner as the employees and does not accord to any Director as such any privilege or advantage not generally accorded to the employees to which such contract arrangement or proposal relates;

(g) an insurance arrangement which subject to the provisions of the 2006 Act the Company proposes to maintain or purchase for the benefit of a Director or for the benefit of any persons including Directors against liabilities incurred in connection with the discharge of that Director's duties or exercise of his powers in relation to his duties in respect of the Company.

Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested such proposals may be divided and considered in relation to each Director separately and in such cases each of the Directors concerned (if not debarred from voting under the Articles) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

If any question shall arise at any meeting as to the materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be determined by a majority of votes of the remaining Directors present at the meeting and in the case of an equality of votes the Chairman (unless he be the Director the materiality of whose interest or the entitlement of whom to vote shall be in issue) shall have a second or casting vote and their ruling in relation to any other Director shall be final and conclusive except in a case where the nature or extent of the interests of the Director concerned have not been fairly disclosed and pending such ruling Article 20.8 shall apply to the Director in question.

Subject to the 2006 Act, the Company may by ordinary resolution suspend or relax to any extent, in respect of any particular matter, any provision of the Articles prohibiting a Director from voting at a meeting of the Board or of a committee of the Board.

Managing and other Executive Directors

Subject to the 2006 Act, the Board may from time to time appoint one or more of its body to be the holder of any executive office, including the office of Managing or Joint or Assistant Managing Director, on such terms and for such period as it may determine.

The appointment of any Director to any executive office shall be capable of being terminated by the Board at any time, unless the contract or resolution under which he holds office shall expressly state otherwise, but without prejudice to any claim he may have for damages for breach of any contract of service between him and the Company.

A Director holding any executive office shall receive such remuneration, whether in addition to or in substitution for his ordinary remuneration as a Director and whether by way of salary, commission, participation in profits or otherwise as the remuneration committee (if established) or the Board (if no remuneration committee is in existence at the time) may determine.

Powers of Directors

The business of the Company shall be managed by the Board, which may exercise all such powers of the Company and do on behalf of the Company all such acts as may be exercisable and done by the Company, and as are not by the 2006 Act or by the Articles required to be exercised or done by the Company in an annual general meeting or a general meeting, subject nevertheless to any regulations of the Articles, to the provisions of the 2006 Act, and to such regulations being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in an annual general meeting or a general meeting but no regulation made by the Company in an annual general meeting or a general meeting shall invalidate any prior act of the Board which would have been valid if such regulation had not been made. The general powers given by the Articles shall not be limited or restricted by any special authority or power given to the Directors by any other Article.

The Board may delegate any of its powers, authorities and discretions (with power to sub-delegate) for such time on such terms and subject to such conditions as it thinks fit to any committee consisting of two or more Directors and (if thought fit) one or more other persons, provided that: (i) a majority of the Shareholders of a committee shall be Directors; and (ii) no resolution of a committee shall be effective unless a majority of those present when it is passed are Directors or alternate Directors.

The Board may establish and maintain any employees' Ordinary Share scheme Ordinary Share option or Ordinary Share incentive scheme approved by ordinary resolution whereby selected employees of the Company or of any company which is a subsidiary of the Company are given the opportunity of acquiring

Ordinary Shares in the capital of the Company on the terms and subject to the conditions set out in such scheme and establish and (if any such scheme so provides) contribute to any scheme for the purchase by or transfer allotment or issue to trustees of Ordinary Shares in the Company or its holding company to be held for the benefit of employees (including Directors and officers) of the Company and subject to the 2006 Act lend money to such trustees or employees to enable them to purchase such Ordinary Shares provided that if any Ordinary Shares are to be issued to employees or trustees under the provisions of any such scheme pursuant to which the rights attaching to such Ordinary Shares shall be altered or varied then any such scheme shall be approved by special resolution and the Articles shall be deemed to be altered so far as appropriate by the special resolution approving such scheme.

Powers of Borrowing and Mortgaging

The Board may exercise all the powers of the Company to borrow money, and to mortgage or charge all or part of its undertaking, property and assets both present and future, including uncalled capital, and subject to the provisions of Section 549 of the 2006 Act to issue debentures, and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Board may mortgage or charge all or any part of the Company's undertaking, property and uncalled capital and subject to Section 549 of the 2006 Act may issue or sell any bonds, loan notes, debentures or other securities whatsoever for such purposes and upon such terms as to time of repayment, rate of interest, price of issue or sale, payment of premium or bonus upon redemption or repayment or otherwise as it may think proper including a right for the holders of bonds, loan notes, debentures or other securities to exchange the same for Ordinary Shares in the Company of any class authorised to be issued.

Rotation, Retirement and Removal of Directors

The office of a Director shall be vacated if:

(a) he ceases to be a Director by virtue of any provision of the 2006 Act or he becomes prohibited by law from being a Director; or

(b) he becomes bankrupt or makes any arrangement or composition with his creditors generally; or

(c) a registered medical practitioner who is treating him gives a written opinion to the Company stating that he has become physically or mentally incapable of acting as a Director and may remain so for more than three months; or

(d) he is or has been suffering from mental or physical ill health and the Board shall resolve that he be disqualified; or

(e) in the case of a Director holding executive office subject to the terms of any contract between him and the Company, he resigns his office by notice in writing to the Company; or

(f) he shall for more than 6 consecutive months have been absent without permission of the Board from meetings of the Board held during that period and the Board shall resolve that his office be vacated; or

(g) he shall be removed from office by notice in writing served on him signed by all his coDirectors but so that if he holds an appointment to an executive office which thereby automatically determines such removal shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of service between him and the Company; or

(h) he shall be removed from office by ordinary resolution of the Company in an annual general meeting or general meeting in accordance with the 2006 Act.

At the annual general meeting in every year one third of the Directors for the time being or if their number is not a multiple of 3 then the number nearest to but not exceeding 33.3% shall retire from office: provided always that if in any year the number of Directors (other than those retiring as aforesaid) is two, one of such Directors shall retire, and if in any year there is only one Director (other than those retiring as aforesaid) that Director shall retire.

The Directors to retire at the annual general meeting in every year shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be the Directors who have been longest in office since their last election. As between Directors of equal seniority, the Directors to retire shall in the absence of agreement be selected from among them by lot. A retiring Director shall be eligible for reelection and shall act as a Director throughout the meeting at which he retires.

The Company at the meeting at which a Director retires in the manner aforesaid, may fill the vacated office by electing a person thereto, and in default the retiring Director shall, if offering himself for reelection be deemed to have been reelected, unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the reelection of such Director shall have been put to the meeting and lost.

In addition to any power of removal conferred by the 2006 Act, the Company may by ordinary resolution remove any Director before the expiration of his period of office, and may (subject to the Articles) by ordinary resolution appoint another Director in his place. A person appointed in place of a Director so removed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.

Proceedings of the Board

The Board or any committee of the Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit, and determine the quorum necessary for the transaction of business. Meetings of the Board or of any committee of the Board may take place in any part of the world and may take place via telephonic communication, video conference or similar means of communication notwithstanding that the Directors or committee present may not all be meeting in one particular place. Unless otherwise determined by the Board two Directors shall be a quorum. For the purposes of the Articles an alternate Director shall be counted in a quorum but so that not less than two persons shall constitute the quorum.

Questions arising at any meeting of the Board or any committee of the Board shall be decided by a majority of votes. In the case of an equality of votes the Chairman shall have a second or casting vote.

The Board shall cause proper minutes to be made of all annual general meetings and general meetings of the Company and also of all appointments of officers and of the proceedings of all meetings of the Board and committees of the Board, and of the attendances thereat, and all business transacted at such meetings, and any such minutes of any meeting, if purporting to be signed by the Chairman of such meeting, or by the Chairman of the next succeeding meeting of the Company or of the Board or committee, shall be conclusive evidence without any further proof of the facts therein stated.

A proposed Directors' resolution in writing must be sent to all the Directors for the time being entitled to receive notice of a meeting of the Board. A resolution in writing signed by all the Directors who would have been entitled to vote on the matter had it been proposed as a resolution at a Directors' meeting (provided that those Directors would have formed a quorum at such meeting) shall be as effective for all purposes as a resolution passed at a meeting of the Board duly convened and held and so that any such resolution or document signed by an alternate Director shall be deemed to have been signed by the Director who appointed such alternate Director.

Any resolution in writing for the purposes of the Articles may consist of several documents in the like form each signed by or on behalf of one or more of the relevant Directors and any such document may be in the form of a fax or in any other legible form sent by any other similar method of transmission or by electronic communications. Unless the contrary shall be proved, any such document shall be deemed to be duly and validly signed by the person or persons purporting to sign the same and whose name appears in the text as the person signing the same. Where electronic communications are used, no signature is necessary, subject to any terms and conditions the Board may decide.

A meeting of the Board or a committee of the Board may consist of a conference between Directors some or all of whom are in different places, if, when the meeting proceeds to business, it appears that the following conditions are satisfied in relation to sufficient Directors to form a quorum: (i) each such Director can hear every other Director addressing the meeting; and (ii) each such Director can, if he wishes, address every other Director simultaneously, whether by word of mouth, by conference telephone, video conference or by any other form of communications equipment (whether in use at the date of the adoption of the Articles or developed subsequently) or by a combination of these methods. Such a meeting is deemed to take place at the place where the largest number of participating Directors is assembled or, if this is not readily identifiable, at the location at which the Chairman of the meeting participates.

Dividends

The Company may by ordinary resolution declare dividends in accordance with the respective rights of the Shareholders, but no dividend shall exceed the amount recommended by the Board. Except as otherwise provided by the rights and restrictions attached to any class of Ordinary Shares, all dividends will be declared and paid according to the amounts paid up on the Ordinary Shares on which the dividend is paid, but no amount paid on an Ordinary Share in advance of calls shall be treated for these purposes as paid up on the Ordinary Share. Dividends may be declared or paid in any currency. The Board may pay interim dividends if it appears to the Board that they are justified by the financial position of the Company. The Board may also pay at intervals determined by it any dividend at a fixed rate if the financial position of the Company, in the opinion of the Board, justifies the payment.

Where, in respect of any Ordinary Shares, any member or any other person appearing to be interested in Ordinary Shares of the Company fails to comply with any notice given by the Company under section 793 of the 2006 Act, then, provided that the Ordinary Shares concerned represent at least 0.25 per cent. in nominal amount of the issued Ordinary Shares of the relevant class, the Company may retain dividends on such Ordinary Shares.

Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company.

The Board may, if authorised by an ordinary resolution of the Company, offer any holder of Ordinary Shares the right to elect to receive Ordinary Shares by way of scrip dividend instead of cash in respect of the whole (or some part, to be determined by the Board) of any dividend.

Untraced Shareholders

The Company shall be entitled to sell at the best price reasonably obtainable any shares of a member, or any shares to which a person is entitled by transmission, who has remained untraced for 12 years immediately prior to the date of the publication of an advertisement of an intention by the Company to make such a disposal.

Winding Up

If the Company shall be wound up (whether the liquidation is altogether voluntary, under supervision or by the UK Court) the liquidator may, with the authority of a special resolution and any other sanction or authority required by the 2006 Act or the Insolvency Act 1986, divide among the Shareholders in proportion to their Ordinary Shareholdings in specie the whole or any part of the assets of the Company, and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division shall be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the like authority, vest the whole or any part of the assets in trustees upon such trusts for the benefit of Shareholders as the liquidator shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no Shareholder shall be compelled by the liquidator to accept any assets in respect of which there is attached a liability or potential liability.

Indemnity

Subject always to the provisions of the 2006 Act, and without prejudice to any protection from liability which may otherwise apply, the Company may, at its discretion and subject to any policies adopted by the Directors from time to time, indemnify every Director or other officer or auditor of the Company out of the assets of the Company against all costs, charges, losses, expenses and liabilities which he may sustain or incur in relation to the Company in or about the actual or purported execution of the duties of his office or the exercise or purported exercise of his powers or otherwise in relation thereto, including any liability incurred by him in defending any criminal or civil proceedings, provided that no such indemnity shall be provided in respect of any liability incurred:

(i) by a Director:

  (i) to the Company or any associated company of the Company;

  (ii) to pay a fine imposed in any criminal proceedings or a penalty imposed by a regulatory authority for non-compliance with any requirement of a regulatory nature (however arising);

  (iii) in defending any criminal proceedings in which he is convicted;

  (iv) in defending any civil proceedings brought by the Company, or an associated company of the Company, in which judgement is given against him; or

(v) in connection with any application for relief under sections 661(3) or (4) or 1157 of the Companies Act 2006 in which the court refuses to grant him relief; or

(j) by an auditor in defending any proceedings (whether civil or criminal) in which judgment is given against him or he is convicted.

The Directors shall also have power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time Directors, officers or employees of the Company, or of any other company in which the Company or any of the predecessors of the Company has any interest whether direct or indirect or which is in any way allied to or associated with the Company, or of any subsidiary undertaking of the Company or of any such other company, or who are or were at any time trustees of any pension fund in which employees of the Company or of any such other company or subsidiary undertaking are interested, including, (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or in the exercise or purported exercise of their powers and/or otherwise in relation to their duties, powers or offices in relation to the Company or any such other company, subsidiary undertaking or pension fund. For the purposes of the Articles "subsidiary undertaking" shall have the meaning assigned to it in Section 1162 of the 2006 Act.

5.3 OTHER REGULATORY MATTERS

(a) Disclosure of interests in shares

A shareholder in a public company incorporated in the UK whose shares are admitted to trading on AIM is required pursuant to Rule 5 of the Disclosure and Transparency Rules to notify the Company of the percentage of his voting rights if the percentage of voting rights which he holds as a shareholder or through his direct or indirect holding of financial instruments reaches, exceeds or falls below certain thresholds. In addition, AIM Rule 17 requires notification without delay of any changes to the holding of a significant shareholder (as defined in the AIM Rules, which may include a Director) above 3% which increase or decrease such holding through any single percentage point. Schedule 5 to the AIM Rules specifies what information must be disclosed.

Pursuant to Part 22 of the 2006 Act and the Articles, the Company is empowered by notice in writing to require any person whom the Company knows, or has reasonable cause to believe to be or, at any time during the three years immediately preceding the date on which the notice is issued, interested in the Company's shares, within a reasonable time to disclose to the Company particulars of any interests, rights, agreements or arrangements affecting any of the shares held by that person or in which such other person as aforesaid is interested.

(b) Takeovers

The City Code applies to the Company. The Panel has statutory powers to enforce the City Code in respect of companies whose shares are admitted to trading on AIM.

Under Rule 9 of the City Code a person who acquires, whether by a single transaction or by a series of transactions over a period of time, shares which (taken with shares held or acquired by persons acting in concert with him) carry 30 per cent. or more of the voting rights of a company, is normally required to make a cash offer for all the outstanding shares of that company at not less than the highest price paid by him or them or any persons acting in concert during the offer period and in the 12 months prior to its commencement. This requirement would also be triggered by an acquisition of shares by a person holding (together with its concert parties) shares carrying between 30 and 50 per cent. of the voting rights in the company if the effect of such acquisition were to increase that person's percentage of the voting rights.

Pursuant to sections 979 to 982 of the 2006 Act, where the offeror has by way of a takeover offer as defined in section 974 of the 2006 Act acquired or unconditionally contracted to acquire not less than 90 per cent. in value of the shares to which an offer relates and where the shares to which the offer relates represent not less than 90 per cent. of the voting rights in the company to which the offer relates, the offeror may give a compulsory acquisition notice to the holder of any shares to which the offer relates which the offeror has not acquired or unconditionally contracted to acquire, and which he wishes to acquire, to acquire those shares on the same terms as the general offer.

Pursuant to sections 983 to 985 of the 2006 Act, where an offeror makes a takeover offer as defined by section 974 of the 2006 Act and, by virtue of acceptances of the offer and any other acquisitions holds or has agreed to acquire not less than 90 per cent. of the shares in the target (or if the offer relates to a class of shares 90 per cent. of the shares in that class) and which carry not less than 90 per cent. of the voting rights in the target, then a minority shareholder who has not accepted the offer may require the offeror to acquire his shares in the target on the same terms as the general offer.

6. DIRECTORS' SHAREHOLDINGS AND OTHER INTERESTS

6.1 Details of the Directors, their business addresses and their functions in the Company are set out on page 5 of this document. Each of the Directors can be contacted at the principal place of business of the Company at 1100 Corporate Drive, Birmingham, Alabama 35242, USA.

6.2 The interests (all of which are beneficial) of the Directors and their immediate families (within the meaning set out in the AIM Rules) in the share capital of the Company at the date of this document and immediately following Admission are as follows:

Director	*Number of Existing Ordinary Shares*	*Percentage of Existing Ordinary Shares*	*Number of Ordinary Shares immediately following Admission*	*Percentage of Enlarged Share Capital*
Robert Hutson Jr.	20,000,000	45.24	20,000,000	18.9
Robert Post	20,000,000	45.24	20,000,000	18.9
Bradley Gray*	2,210,481	5.00	2,210,481	2.1
Martin Thomas	2,000,000	4.52	2,000,000	1.9
David Johnson**	-	-	50,000	0.0

* The Ordinary Shares issued to Bradley Gray are subject to the terms of the Restricted Stock Agreement, as set out in paragraph 12.22 of Part VIII of this document.

** David Johnson has agreed to subscribe for 50,000 Placing Shares.

6.3 In addition to the interests disclosed in paragraph 6.2 above, the Company is aware of the following persons who will, immediately following Admission, hold, directly or indirectly, voting rights representing three per cent. or more of the Enlarged Share Capital of the Company to which voting rights are attached:

Name	*Number of Existing Ordinary Shares*	*Percentage of Existing Ordinary Shares*	*Number of Ordinary Shares immediately following Admission*	*Percentage of Enlarged Share Capital*
GLG Partners	-	-	6,119,000	5.8
Henderson Global Investors	-	-	5,269,000	4.9

6.4 So far as the Directors are aware and save as disclosed in paragraphs 6.2 and 6.3 above, there are no persons who, immediately following the Placing and Buyback Share Offer, will, directly or indirectly, be interested in three per cent. or more of the capital of the Company or who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

6.5 The Ordinary Shares held by the Shareholders set out in paragraphs 6.2 and 6.3 above rank pari passu with all other existing Ordinary Shares and, in particular, have no different voting rights than other existing Shareholders. Following the Placing and Buyback Share Offer, neither the Directors nor any major Shareholders will have different voting rights to other Shareholders.

6.6 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors, nor are there any outstanding loans or guarantees provided by the Directors to or for the benefit of the Company.

6.7 Save as otherwise disclosed in this document, none of the Directors nor any members of their respective families, nor any person connected with the Directors (within the meaning of section 252 of the 2006 Act), has any holding, whether beneficial or otherwise, in the share capital of the Company or any of its subsidiaries.

6.8 In addition to being directors of the Company, the Directors hold or have held directorships of the companies and/or are or were partners of the partnership specified opposite their respective names below within the five years prior to the date of this document:

Name	Current directorships/partnerships	Previous directorships/partnerships
Robert Hutson Jr.	Diversified Gas and Oil Corporation Diversified Resources Inc. M&R Investments LLC M&R Investments Ohio LLC Diversified Appalachian Group LLC Diversified Real Estate Holding LLC Marshall Gas and Oil Corporation R&K Oil and Gas Inc. Fund 1 DR, LLC	None
Robert Post	Diversified Gas and Oil Corporation Diversified Resources Inc. M&R Investments LLC M&R Investments Ohio LLC Diversified Appalachian Group LLC Diversified Real Estate Holding LLC Marshall Gas and Oil Corporation R&K Oil and Gas Inc. Fund 1 DR, LLC	None
Bradley Gray	Myers and Gray LLC	The McPherson Companies, Inc.
David Johnson	Bilby plc Fit Together (UK) Limited Tribeca Nominee Limited	None
Martin Thomas	Watson Farley & Williams LLP Pemar Capital Partners PLC	Chadbourne & Parke (London) LLP Hunton & Williams LLP Energy Everything Investments PLC

6.9 As at the date of this document, no Director has:

(a) any unspent convictions in relation to indictable offences;

(b) been declared bankrupt or been subject to any individual voluntary arrangement;

(c) been a director of any company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within 12 months after he ceased to be a director of that company;

(d) been a partner in any partnership which has been placed in compulsory liquidation, administration or partnership voluntary arrangement whilst he was a partner of that partnership or within 12 months after he ceased to be a partner in that partnership;

(e) been the owner of any asset or been a partner in any partnership which had an asset placed in receivership whilst he was a partner of that partnership or within the 12 months after he ceased to be a partner of that partnership; or

(f) been subject to any public criticisms by any statutory or regulatory authorities (including recognised professional bodies) or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

7. OPTIONS, WARRANTS AND SHARE OPTION SCHEME

7.1 As at the date of this document:

(a) the Company has not, save as set out in 7.1(b) below, issued any options or warrants to subscribe for Ordinary Shares, nor any other equity securities convertible into Ordinary Shares (although it is noted that the Company made the Buyback Share Offer in respect of the Bonds, as more fully described in paragraph 8 of Part II of this document); and

(b) the Company has agreed to issue Warrants to the value of 5 per cent. of the gross Placing proceeds, to be divided between Mirabaud and Smith & Williamson as to 1 per cent. each to Mirabaud and Smith & Williamson and 3 per cent. allocated pro rata to the funds raised by each of Mirabaud and Smith & Williamson as more fully described in paragraphs 12.17 and 12.18 of this Part VIII.

7.2 The Directors believe that the success of the Group will depend to a significant degree on the future performance of the executive management team. The Directors also recognise the importance of employees being well motivated and identifying closely with the success of the Group.

7.3 Accordingly, the Directors have agreed to implement an equity incentive plan (the "Share Option Scheme") on Admission, under which the Company shall offer incentives to employees and executive directors. Awards of Share Options granted under the Share Option Scheme shall be administered by the Board (or duly constituted committee thereof), which shall also be responsible for, inter alia, construing and interpreting the Share Option Scheme. Subject to certain conditions, a total of up to 10,559,125 new Ordinary Shares of the Company from time to time shall be available to satisfy awards under the Share Option Scheme. The Share Option Scheme provides for the potential award of two types of Share Option awards: incentive stock options and non-qualified stock options. The Share Option Scheme sets out a number of eligibility conditions which must be followed, including that incentive stock options are only to be granted to employees and each Share Option granted under the Share Option Scheme must be evidenced by an award agreement. The Share Option Scheme also provides for other awards consisting of stock appreciation rights, restricted awards, performance share awards and performance compensation awards. The Share Option Scheme shall be governed by the laws of the State of Alabama.

8. SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

8.1 Rusty Hutson Jr.

Rusty Hutson Jr. ("RH") has entered into a service agreement with the Company under the terms of which he has agreed to act as Chief Executive Officer of the Company on a full time basis. The remuneration payable under this agreement is $300,000 gross per annum. RH is also entitled to partake in any employee benefit plans, programs, practices or arrangements of the Company in which other employees of the Company located in the United States are eligible to participate, including, without limitation, any qualified or non-qualified pension, profit sharing and savings plans, any death benefit and disability benefit plans, and any medical, dental, health and welfare insurance plans. This will include RH's eligibility to participate in the Share Option Scheme outlined at paragraph 7.3 of this Part VIII. The service agreement will commence with effect from Admission and is for an initial fixed term of 12 months from Admission continuing thereafter until terminated by either party giving not less than 6 months' notice in writing. RH is entitled to be reimbursed for all expenses reasonably incurred by him in the proper performance of his duties.

8.2 Robert Post

Robert Post ("RP") has entered into a service agreement with the Company under the terms of which he has agreed to act as Executive Chairman of the Company on a part time basis. The remuneration payable under this agreement is $100,000 gross per annum. RP is also entitled to partake in any employee benefit plans, programs, practices or arrangements of the Company in which other employees of the Company located in the United States are eligible to participate, including, without limitation, any qualified or non-qualified pension, profit sharing and savings plans, any death benefit and disability benefit plans, and any medical, dental, health and welfare insurance plans. This will include RP's eligibility to participate in the Share Option Scheme. The service agreement will commence with effect from Admission and is for an initial fixed term of 12 months from Admission continuing thereafter until terminated by either party giving not less than 6 months' notice in writing. RP is entitled to be reimbursed for all expenses reasonably incurred by him in the proper performance of his duties.

8.3 Bradley Gray

Brad Gray ("BG") has entered into a service agreement with the Company under the terms of which he has agreed to act as Finance Director of the Company and Chief Operating Officer of Diversified Gas and Oil Corporation on a full time basis. The remuneration payable under this agreement is $275,000 gross per annum. BG is also entitled to partake in any employee benefit plans, programs, practices or arrangements of the Company in which other employees of the Company located in the United States are eligible to participate, including, without limitation, any qualified or non-qualified pension, profit sharing and savings plans, any death benefit and disability benefit plans, and any medical, dental, health and welfare insurance plans. This will include BG's eligibility to participate in the Share Option Scheme. The service agreement will commence with effect from Admission and is for an initial fixed term of 12 months from Admission continuing thereafter until terminated by either party giving not less than 6 months' notice in writing. Upon termination, BG is additionally entitled to a termination payment equating to 6 months' basic salary. BG is entitled to be reimbursed for all expenses reasonably incurred by him in the proper performance of his duties. In connection with his appointment to the Board, BG was issued 2,210,481 Ordinary Shares, which are subject to the terms of the Restricted Stock Agreement (as more fully described in paragraph 12.22 of Part VIII of this document).

8.4 **David Johnson**

David Johnson ("DJ") has entered into an appointment agreement under the terms of which he has agreed to act, with effect from Admission, as a non-executive director of the Company and to devote such time as is reasonably necessary for the proper performance of his duties under the Agreement, including attending or participating in all board meetings. The remuneration payable under the agreement is £50,000 gross per annum. The agreement will commence with effect from Admission and is for an initial period of 12 months and continuing thereafter unless terminated by either party giving not less than 3 months' notice.

8.5 **Martin Thomas**

Martin Thomas ("MT") has entered into an appointment agreement under the terms of which he has agreed to act as a non-executive director of the Company and to devote such time as is reasonably necessary for the proper performance of his duties under the Agreement, including attending or participating in all board meetings. The remuneration payable under the agreement is £50,000 gross per annum. The agreement acknowledges that whilst MT was a director of the Company with effect from 1 January 2015, his appointment pursuant to the terms of the aforementioned non-executive director agreement will commence with effect from Admission and is for an initial period of 12 months and continuing thereafter unless terminated by either party giving not less than 3 months' notice.

8.6 The aggregate remuneration paid or payable by any company in the Group (including benefits in kind) to the Directors during the year ended 31 December 2015 was $105,000 and during the year ended 31 December 2016 was $205,320. The aggregate estimated remuneration paid or payable to the Directors by any company in the Group for the current financial year under the arrangements in force is expected to amount to approximately $801,000.

8.7 Save as disclosed above, there are no existing or proposed service contracts between any Director and the Company or any other company in the Group and there are no existing or proposed service contracts between any Director and the Company or any company in the Group.

8.8 Save as disclosed in this paragraph 8, no Director has a service agreement with the Company that has been entered into or varied within six months prior to the date of this document or which is a contract which expires or which is determined by the Company without payment of compensation (other than statutory compensation) after more than one year.

8.9 Save for any ordinary contractual benefits accrued to termination, or benefits in respect of the notice period under the relevant agreement with the Director referred to above, or as disclosed in this paragraph 8, no benefits upon termination are payable by the Company or any company in the Group to any Director.

9. SIGNIFICANT INVESTMENTS

Save as disclosed in this document, there have been no significant investments by any member of the Group since 30 June 2016 (being the date to which the financial information is set out in Part V of this document).

10. EMPLOYEES

As at 30 January 2017, the Group had 81 employees, all of whom are employed by Diversified Resources, Inc. and all of whom are located in the USA

There are no employment agreements with any US employees as each US employee serves on an "at-will" basis.

Save as disclosed in this Part VIII, none of the employment contracts relating to the key management referred to in paragraph 8 of this Part VIII of this document, contains a right to benefits (other than those due during the notice period under the contract) upon termination.

11. TAXATION

11.1 The following information is based on UK tax law and HMRC practice currently in force in the UK. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only. Any person who is in any doubt about his or her position should contact their professional adviser immediately.

Tax treatment of UK investors

11.2 The following information, which relates only to UK taxation, is applicable to persons who are resident in the UK and who beneficially own Ordinary Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

(a) who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 10%, of any of the classes of shares in the Company; or

(b) who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or

(c) who are in any doubt as to their taxation position.

11.3 Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

11.4 Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Ordinary Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

Dividends

11.5 Where the Company pays dividends, Shareholders who are resident in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

11.6 UK resident individual Shareholders who are domiciled in the UK, and who hold their Ordinary Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company.

11.7 Dividend income received by UK tax resident individuals will have a £5,000 dividend tax allowance. Dividend receipts in excess of £5,000 will be taxed at 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers.

11.8 Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received but will not be entitled to claim relief in respect of any underlying tax or withholding tax imposed.

Disposals of Ordinary Shares

11.9 Any gain arising on the sale, redemption or other disposal of Ordinary Shares will be taxed at the time of such sale, redemption or disposal as a capital gain.

11.10 For gains accruing after 6 April 2016, the rate of capital gains tax on disposal of Ordinary Shares by basic rate taxpayers will reduce from 18% to 10%, and for upper rate and additional rate taxpayers the rate will fall from 28% to 20%.

11.11 For Shareholders within the charge to UK corporation tax, indexation allowance may reduce any chargeable gain arising on disposal of Ordinary Shares but will not create or increase an allowable loss.

11.12 Subject to certain exemptions, the corporation tax rate applicable to its taxable profits is currently being 20% from 1 April 2015, falling to 19% after 1 April 2017 and 17% after 1 April 2020.

Further information for Shareholders subject to UK income tax and capital gains tax

"*Transactions in securities*"

11.13 The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HM Revenue and Customs to raise tax assessments so as to cancel "tax advantages" derived from certain prescribed "transactions in securities".

Stamp Duty and Stamp Duty Reserve Tax

11.14 The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or stamp duty reserve tax or (except where stated otherwise) to persons connected with depositary arrangements or clearance services who may be liable at a higher rate.

Ordinary Shares held in certificated form

11.15 No stamp duty or stamp duty reserve tax will generally be payable on the issue of Ordinary Shares.

11.16 Neither UK stamp duty nor stamp duty reserve tax should arise on transfers of Ordinary Shares on AIM (including instruments transferring Ordinary Shares and agreements to transfer Ordinary Shares) based on the following assumptions:

(a) the Ordinary Shares are admitted to trading on AIM, but are not listed on any market (with the term "listed" being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and

(b) AIM continues to be accepted as a "recognised growth market" as construed in accordance with section 99A of the Finance Act 1986).

11.17 In the event that either of the above assumptions does not apply, stamp duty or stamp duty reserve tax may apply to transfers of Ordinary Shares in certain circumstances.

11.18 The above comments are intended as a guide to the general stamp duty and stamp duty reserve tax position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

United States Federal Income Tax Consequences of the Group structure

11.19 Pursuant to Section 7874 of the Code, the Company should be treated as a U.S. corporation for all purposes under the Code because (i) the Company does not have substantial business activities in the UK, and (ii) the former holders of shares in Diversified Gas and Oil Corporation will hold at least 80% or more of the ordinary shares of the Company prior to Admission and completion of the Placing. As the Company will be treated as a U.S. corporation for all purposes under the Code, the Company will not be treated as a "passive foreign investment company," as such rules apply only to non-U.S. corporations for U.S. federal income tax purposes.

11.20 As the Company will be treated as a U.S. corporation for all purposes under the Code, dividends from the Company may be subject to US withholding taxes, depending on the country of residence of the shareholder, and whether the country has an income tax treaty with the United States. The statutory rate of withholding under the Code is 30 per cent. to non-US shareholders, which may be reduced by an applicable treaty.

11.21 Shareholders are encouraged to consult with their tax advisor with respect to their individual tax situation related to these matters.

12. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the date of this document or are other material subsisting contracts which relate to the assets and liabilities of the Group:

12.1 **Acquisition Agreement relating to assets of Diversified Resources, Inc.**

On 16 May 2006, a purchase and sale agreement was entered into by and between Diversified Resources, Inc. and M & R Investments, LLC relating to the purchase of oil and gas leaseholds, wells, working interests, related equipment and other assets for a total consideration of US$5,200,000.

This agreement is governed by the laws of the state of West Virginia.

12.2 **Acquisition Agreement relating to assets of AB Resources**

On 1 April 2010, a purchase and sale agreement was entered into by and among AB Resources OH LLC, a Delaware limited liability company, Diversified Resources Inc and M&R Investments (Ohio) LLC, relating to the purchase of oil and gas leaseholds, wells, working interests, licenses, related equipment and other assets for a total consideration of US$14,500,000.

This agreement is governed by Ohio law.

12.3 **Acquisition Agreement relating to Deep Resources LLC**

On 31 March 2011, a purchase and sale agreement was entered into by and among Deep Resources, LLC and M&R Investments LLC, relating to the purchase of oil and gas leaseholds, wells, working interests, licenses, related equipment and other assets for a total consideration of US$5,200,000.

This agreement is governed by Ohio law.

12.4 **Acquisition Agreement relating to Broad Street Energy**

On 16 March 2015, a purchase and sale agreement was entered into by each of Diversified Gas & Oil Corporation, Broad Street Energy Company, an Ohio corporation, Broad Street Energy, LLC, an Ohio limited liability company, and Broad Street Services, LLC, an Ohio limited liability company for the purchase of oil and gas leaseholds, wells, working interests, real property, licenses, related equipment and other assets for a total consideration of $2,600,000. The transaction was completed in June 2015.

This agreement is governed by Ohio law.

12.5 **Acquisition relating to Texas Keystone**

On 22 October 2015, a purchase and sale agreement was entered into by each of Diversified Oil & Gas LLC and Texas Keystone Inc. relating to the purchase by the Group of 1,709 conventional natural gas and oil wells and two buildings in Pennsylvania and West Virginia, in addition to equipment and automobiles. As part of and in connection with this Texas Keystone transaction, on 14 December 2015, Diversified Oil & Gas, LLC entered into a purchase and sale agreement to acquire certain overriding royalty interests in these wells and the Indiana, Pennsylvania real estate from Falcon Partners Trust, and on 2 January 2016, Diversified Oil & Gas, LLC entered into a purchase and sale agreement to acquire certain of the leases and wells (including working interests and net revenue interests) related to those wells from Keystone Energy Oil & Gas, Inc. The total collective consideration paid in these transactions amounted to $725,000.

These agreements are governed by Pennsylvania law.

12.6 **Acquisition Agreement relating to Falcon Partners**

On 14 December 2015, a purchase and sale agreement was entered into by and between Diversifed Oil & Gas LLC and Falcon Partners, a for-profit Pennsylvania business trust, relating to the purchase of oil and gas leaseholds, working interests, wells, permits, related equipment and other assets for a total consideration of US$675,000.

This agreement is governed by Pennsylvania law.

12.7 **Acquisition Agreement relating to Eclipse Resources**

On 14 March 2016, a purchase and sale agreement was entered into by and among (i) Diversified Oil & Gas, LLC; (ii) Eclipse Resources – Ohio, LLC, a Delaware limited liability company, Eclipse Resources I, LP, a Delaware limited partnership, and Eclipse Resources Operating, LLC, a Delaware limited liability company; (iii) Diversified Gas & Oil Corporation; and (iv) the Company relating to the purchase of oil and gas leaseholds, real property, mineral interests, wells, working interests, related equipment and other assets for $4,800,000. The transaction was completed in April 2016.

This agreement is governed by Ohio law.

12.8 **Acquisition Agreement relating to Seneca Resources**

On 1 May 2016, a purchase and sale agreement was entered into by and among Diversified Oil & Gas, LLC and Seneca Resources Corporation, a for-profit Pennsylvania corporation, relating to the purchase of oil and gas production rights, wells, licenses, permits, related equipment and other assets for a total consideration of $3,550,000. The transaction was completed in June 2016.

This agreement is governed by Pennsylvania law.

12.9 **Bond Instrument**

On 10 June 2015, the Company entered into a bond instrument constituting the Bonds (the "**Bond Instrument**"), the principal terms of which are as follows:

Denomination:	Pounds sterling.
Minimum Investment:	£5,000, with additional subscription in multiples of £5,000.
Income:	8.5% interest per annum, payable quarterly in instalments of 2.125% in March, June, September and December each year.
Security:	Unsecured.
Raise Amount:	Up to £20,000,000, with a minimum raise of £500,000.
Term:	5 years (Due 2020. Admitted to trading on NEX Exchange on 24 June 2015).
Redemption:	Repayment of capital on 24 June 2020.
Ranking:	All the Bonds shall rank pari passu, equally and rateably, without discrimination or preference alongside all unsecured creditors of the Company.
Events of default:	On one of four identified events listed in the Bond Instrument relating to the solvency of the Company, the Bonds will be redeemed immediately at the principal amount.
Listed/unlisted:	The Bond is admitted to trading on the NEX Exchange Growth Market which is a HMRC recognised growth stock exchange.
Liquidity events:	If a person makes an offer to take control of the shares of the Company, an offer to redeem the Bonds must be made by the Company at the time of such takeover offer, on terms whereby the consideration payable for the Bonds shall be satisfied by the allotment to Bondholders of new Ordinary Shares at a discount of 20% to the price agreed to be paid for the Ordinary Shares in the takeover offer. Bondholders shall be free to accept or reject such bond offer. If a Bondholder rejects the bond offer, the Bondholder shall redeem the bonds at the principal amount on the final redemption date. If the Ordinary Shares are admitted to trading on AIM or any other recognised investment exchange, the Company shall be obliged, at the time of such admission, to make an offer to buy back the Bonds on terms whereby the consideration payable for the Bonds shall be satisfied by the allotment to Bondholders of Ordinary Shares at a discount of 20% to the Share admission price of the new Ordinary Shares. Bondholders shall be free to accept or reject such buyback offer. If a Bondholder rejects the buyback offer, the Bondholder shall redeem the bonds at the principal amount on the final redemption date.

In accordance with the terms of the Bonds, the Company has made the Buyback Share Offer and the Cash Alternative Offer, as more fully detailed in paragraph 8 of Part II of this document.

12.10 **Placing Agreement**

The Placing Agreement contains, inter alia, the following terms:

(a) the Company appoints each of Smith & Williamson and Mirabaud as its agent and Smith & Williamson and Mirabaud agree to use their reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price;

(b) the obligations of Smith & Williamson and Mirabaud are conditional, inter alia, upon:

  (i) the Placing Shares being admitted as participating securities within CREST upon or immediately following Admission; and

  (ii) Admission occurring not later than 8.00 a.m. on 3 February 2017 or such later time and/or date, being no later than 8.00 a.m. on 17 February 2017, as the Company may agree with Smith & Williamson and Mirabaud.

(c) subject to Admission, the Company shall pay:

  (i) Smith & Williamson an advisory fee of US$275,000;

  (ii) Smith & Williamson and Mirabaud a commission of 5 per cent. on the gross Placing proceeds payable as to 1 per cent. each to Mirabaud and Smith & Williamson and 3 per cent. allocated pro rata to the funds raised by each of Mirabaud and Smith & Williamson;

  (iii) subject to certain restrictions, all the costs and expenses (including any applicable VAT) of and incidental to the Placing including the fees and costs of legal advisers incurred by Smith & Williamson and Mirabaud and printing, filing and distribution charges;

(d) in addition, the Company agrees to issue Warrants to the value of 5 per cent. of the gross Placing proceeds, to be divided between Mirabaud and Smith & Williamson on the same basis as set out in (c) (ii) above;

(e) the Company and the Directors have each given warranties in favour of Smith & Williamson and Mirabaud. The liability of the Directors is limited in terms of the amount of the liability save in certain circumstances. The liability of the Directors and the Company in respect of the warranties is limited as to time, save in certain circumstances;

(f) in addition, the Company has given Smith & Williamson and Mirabaud, its affiliates and their respective directors, officers, employees and agents an indemnity relating to certain losses and liabilities which may be incurred by such persons in the performance by Smith & Williamson and Mirabaud of their obligations and services rendered pursuant to the Placing Admission;

(g) Smith & Williamson and Mirabaud has the right to terminate the Placing Agreement prior to Admission in certain circumstances, including:

  (i) in the event of certain force majeure events or other events involving certain material adverse changes relating to the Group; and

  (ii) in the event of a material breach by the Company, any of the Directors of their obligations or warranties in the Placing Agreement.

The Placing Agreement is governed by English law and the parties irrevocably submit to the non-exclusive jurisdiction of the Courts of England.

12.11 **Lock-in agreements**

Each of Rusty Hutson Jr., Robert Post, Brad Gray and Martin Thomas has undertaken with Smith & Williamson, Mirabaud and the Company (subject to certain exceptions) not to dispose of any interest in any of their Shares until 18 months after Admission without the prior written consent of each of Smith & Williamson and Mirabaud.

12.12 **Smith & Williamson engagement letter, and addendum thereto**

Pursuant to a letter of engagement dated 20 July 2016 and an addendum thereto dated 5 September 2016, the Company appointed Smith & Williamson to act as its nominated adviser and financial adviser and joint broker in connection with the Placing and Admission. The engagement letter includes the following terms:

(a) The Company agrees to pay to Smith & Williamson:

  (i) a retainer fee (the "Retainer Fee") in relation to the Placing and Admission (and work required in relation to the same) up to an aggregate maximum amount, which amount shall be set off against the Corporate Finance Fee referred to below;

(ii) a corporate finance fee (the "Corporate Finance Fee") payable on completion of the Placing and Admission, less any Retainer Fee already paid); and

(iii) a commission on the basis set out in paragraph 12.10(c)(ii) above.

(b) In addition, the Company agrees to issue Warrants on the basis set out in paragraph 12.10(d) above.

(c) The Company agrees to reimburse Smith & Williamson for any expenses and disbursements as Smith & Williamson, in its discretion, incurs in connection with its appointment under the letter of engagement.

12.13 **Nominated Adviser and Broker Appointment Letter**

A nominated adviser and broker appointment letter dated 30 January 2017 and made between (1) the Company and (2) Smith & Williamson (the "Nominated Adviser and Broker Appointment Letter") pursuant to which the Company has appointed Smith & Williamson to act as nominated adviser and joint broker to the Company for the purposes of the AIM Rules. The Company has agreed to pay Smith & Williamson a fee of £42,500 (plus VAT) for its services as nominated adviser and joint broker under the Nominated Adviser and Broker Appointment Letter. The Nominated Adviser and Broker Appointment Letter contains certain covenants and undertakings given by the Company to Smith & Williamson. The appointment shall continue until terminated by either the Company or Smith & Williamson on, among other things, giving three months' prior written notice after the initial twelve month term.

12.14 **Mirabaud Engagement Letter**

An engagement letter dated 5 September 2016 was entered into between the Company and Mirabaud pursuant to which the Company appointed Mirabaud to act as lead broker to the Company in connection with the Admission and the Placing.

Under the terms of the letter of engagement, the Company has agreed to pay a commission on the basis set out in paragraph 12.10(c)(ii) above.

In addition, the Company agrees to issue warrants on the basis set out in paragraph 12.10(d) above.

Under the letter of engagement, the Company gave certain customary undertakings and indemnities to Mirabaud in connection with its engagement.

The letter of engagement is governed by English law, and the parties irrevocably submit to the jurisdiction of the courts of England and Wales.

12.15 **Mirabaud Broker Agreement**

A broker agreement dated 30 January 2017 and made between the Company and Mirabaud (the "Broker Agremeent") pursuant to which the Company appointed Mirabaud as lead broker in connection with Admission. The Company has agreed to pay Mirabaud an annual retainer of £45,000 plus VAT for its services as lead broker. The agreement shall continue until terminated by either the Company or Mirabaud giving not less than three months' prior written notice not to expire before the first anniversary of the date of the agreement. The Company has agreed to give an indemnity in favour of Mirabaud, subject to certain limitations on liability.

12.16 **Relationship Agreement between the Company, Robert Hutson Jr. and Robert Post**

The Company has entered into a relationship agreement with Smith & Williamson, Robert Marshall Post and Robert Russell Hutson Jr. (the "Substantial Shareholders") (the "Relationship Agreement").

The Substantial Shareholders have undertaken to use their reasonable endeavours to ensure, inter alia, that:

(a) the Group is capable at all times of carrying on its business independently of the Substantial Shareholders;

(b) no additional directors to the Company are appointed nor any Directors removed except following consultation with Smith & Williamson;

(c) no general meeting of the Company is to be requisitioned by either Substantial Shareholder or any associates in order to amend the articles of association of the Company in such a way as might reasonably be expected to adversely affect the independence of the Group from the Substantial Shareholders or their associates or undermine the effect of the Relationship Agreement to the detriment of the Group;

(d) there are and remain at all times not less than two Independent Directors;

(e) neither Substantial Shareholder nor any associate thereof shall seek to procure or vote on any resolution to cancel the Company's admission to trading on AIM without prior consultation with the Company's nominated advisor for the purpose of the AIM Rules, and with the approval of the Independent Directors (such approval not to be unreasonably withheld, conditioned or delayed; and

(f) any resolutions at any annual general meeting of the Company relating to either:

  (i) the authority of the Board to issue Ordinary Shares generally, limited on an annual basis to 30 per cent of the Company's issued share capital; or

  (ii) the disapplication of the statutory pre-emption rights regarding the issue of Ordinary Shares, limited on an annual basis to 10 per cent of the Company's issued share capital,

are passed without amendment.

The Relationship Agreement is governed by English law and the parties irrevocably submit to the non-exclusive jurisdiction of the Courts of England.

12.17 **Warrant Agreement between the Company and Mirabaud**

On 30 January 2017, the Company entered into a warrant agreement with Mirabaud (the "Mirabaud Warrant Agreement"), pursuant to which the Company granted Mirabaud the right, subject to Admission, to subscribe for Ordinary Shares at the Placing Price for the period beginning on the date of Admission and ending on the fifth anniversary of the date of Admission.

The Mirabaud Warrant Agreement contains a mechanism whereby the Warrant subscription price (being the Placing Price) may be adjusted following the occurrence of certain alterations to the Company's share capital, including a sub-division or consolidation of the Ordinary Shares.

The Mirabaud Warrant Agreement shall be exercised by Mirabaud giving notice to the Company in writing setting out the number of Ordinary Shares in respect of which it wishes to exercise the warrants accompanied by payment of the relevant Placing Price.

The Mirabaud Warrant Agreement is governed by English law and the parties irrevocably submit to the exclusive jurisdiction of the Courts of England.

12.18 **Warrant Agreement between the Company and Smith & Williamson**

The terms of the Warrant Agreement between the Company and Smith & Williamson are the same as the Mirabaud Warrant Agreement summarised in paragraph 12.17 above (*mutatis mutandis*).

12.19 **Appointment of Alexander David Securities**

On 7 October 2014, the Company entered into a corporate adviser agreement with Alexander David Securities Limited ("Alexander David") under which the Company appointed Alexander David as its corporate adviser in connection with admission of the Bonds and the issue of the Bonds. Under the terms of this letter of engagement the Company agreed to pay Alexander David an engagement fee of £30,000, an admission success fee of £50,000 payable upon admission of the Bonds to NEX Exchange, a fee of £70,000 payable upon the admission of any Bonds to the value of £1,000,000, a selling commission fee of 5 per cent. of gross proceeds received by the Company from investors introduced by Alexander David, a 1 per cent. selling commission of gross proceeds received by the Company from third party investors, and a warrant (the "Alexander David Warrant") to subscribe over 1 per cent. of the enlarged share capital at the date of the bond issue, once the bond issue reaches £10 million. Subject to agreement by the Company and Alexander David, the exercise price of the Alexander David Warrant shall be the valuation of the Company's equity at the time of the bond issue being admitted to trading on the NEX Exchange Growth Market.

On 14 November 2016, the Company and Alexander David agreed that in consideration for (and conditional upon) a single cash payment of £175,000 being made by the Company to Alexander David as soon as practicable following Admission, the Alexander David Warrant shall be terminated and cancelled.

12.20 **Share Exchange Agreement and Contribution Agreements**

On 10 June 2015, each of Rusty Hutson Jr. and Robert Post (for the purposes of this paragraph 12.20, the "Vendors") entered into a Share Exchange Agreement with the Company and Diversified Gas & Oil Corporation. Pursuant to the Share Exchange Agreement, each of the Vendors agreed to transfer his shares in Diversified Gas & Oil Corporation (together constituting the entire issued share capital of Diversified Gas & Oil Corporation) to the Company in consideration for the Company issuing to each of the Vendors 17,500,000 Ordinary Shares (the "Share for Share Exchange").

The Share for Share Exchange was conditional on admission of the Bonds to trading on the NEX Exchange. Each of the Vendors was required to give certain warranties to the Company regarding (inter alia) his title to the shares being transferred, lack of encumbrances affecting such shares and capacity to enter into the agreement.

The agreement is governed by English law, and the parties submit to the exclusive jurisdiction of the English courts.

Effective as of 31 December 2015, Rusty Hutson Jr. and Robert Post executed two separate contribution agreements with Diversified Gas & Oil Corporation and executed related assignments of interest and stock assignments (for the purposes of this paragraph 12.20, the "Contribution Agreements") providing for the contribution of 100% of the membership interests and capital stock, as applicable, of each of Diversified Resources, Inc., M&R Investments, LLC, M&R Investments Ohio, LLC, Marshall Gas & Oil Corporation, R&K Oil and Gas, Inc., and Fund 1 DR, LLC (for the purposes of this paragraph 12.20, the "Initial US Subsidiaries") to Diversified Gas & Oil Corporation. The Contribution Agreements resulted in all of the ownership interests (consisting of membership interests and capital stock) in each of the Initial US Subsidiaries being transferred from Rusty Hutson Jr. and Robert Post to Diversified Gas & Oil Corporation. The contribution of ownership interests in each of the Initial US Subsidiaries were originally contributed by Rusty Hutson Jr. and Robert Post to Diversified Gas & Oil Corporation on 1 June 2015, but these contributions were subsequently rescinded and re-contributed effective as of 31 December 2015. A rescission acknowledgement agreement also was entered into among Rusty Hutson Jr. and Robert Post, the Company, Diversified Gas & Oil Corporation and the Initial US Subsidiaries to acknowledge, ratify and confirm the rescission of the original contributions, the subsequent contributions pursuant to the Contribution Agreements and the resulting ownership of the Initial US Subsidiaries.

The Contribution Agreements and the additional contribution and assignment agreements referred to in paragraphs 12.23, 12.24 and 12.25 are basic contribution and assignment documents providing for limited and basic representations and warranties from the parties, with the primarily representations and warranties from Rusty Hutson Jr. and Robert Post addressing authority and title to the membership interests and capital stock of the contributed subsidiaries, with no material ongoing obligations by the Group, any of its officers, directors or employees or Rusty Hutson Jr. or Robert Post.

12.21 **Office Space Lease**

On 18 May 2016 each of Diversified Real Estate Holdings, LLC, a company owned by Rusty Hutson Jr. and Robert Post, as landlord, and Diversified Resources, Inc, as tenant entered into a lease relating to the property situated in 1100 Corporate Drive, Birmingham, Alabama, 35242. The effective date of the lease was 18 May 2016 and the lease terminates on 31 May 2036, with an annual rent of $78,000.

The lease is governed by Alabama law.

12.22 **Restricted Stock Agreement**

The Company entered into a restricted stock agreement with Bradley Gray which has an effective date of 24 October 2016 (the "Restricted Stock Agreement"), pursuant to which Bradley Gray was awarded 2,210,481 Ordinary Shares (the "Restricted Stock"). Bradley Gray shall subscribe for the Restricted Stock at the par value (£0.01) per Ordinary Share and the Restricted Stock is vested or is to be vested (subject to certain conditions) on three separate dates:

(i) 24 October 2016: Bradley Gray acquired a vested interest in 33 1/3 per cent. of the Restricted Stock;

(ii) 24 October 2018: Bradley Gray will acquire a vested interest in 33 1/3 per cent. of the Restricted Stock; and

(iii) 24 October 2019: Bradley Gray will acquire a vested interest in 33 1/3 per cent. of the Restricted Stock.

Subject to the Restricted Stock Agreement and the conditions outlined therein, Bradley Gray is only able to transfer any interest he may have in the Ordinary Shares once the Ordinary Shares have vested.

The Company has the right, exercisable at any time during the ninety day period following the date on which Bradley Gray ceases for any reason to be a Service Provider (as defined below) to the Company (or such longer period of time mutually agreed to by the parties), to have forfeited for no additional consideration all or (at the discretion of the Company) any portion of the Restricted Stock in which Bradley Gray has not acquired a vested interest in accordance with the vesting provisions set out in the Restricted Stock. For the purposes of the Restricted Stock Agreement, Bradley Gray will be deemed to be a "Service Provider" to the Company for so long as he renders periodic services to the Company or one or more of its parent or subsidiary corporations, whether as an employee, non-employee member of the board of directors, or an independent, non-employee consultant.

The Restricted Stock Agreement also provides that the Company shall pay to Bradley Gray an amount equal to the estimated US and applicable state income tax liability to be incurred by Bradley Gray resulting from the grant of the Restricted Stock, together with a grossed up amount to ensure that Bradley Gray will not incur any unreimbursed tax (the "Tax Indemnity"), provided that the Tax Indemnity does not exceed US$500,000.

12.23 **Contribution Agreement**

The Company entered into a contribution agreement effective as of 1 November 2016 with Robert M. Post and Robert R. Hutson, Jr. (the "Contributors") (the "Contribution Agreement") pursuant to which the Contributors agree to contribute their interests in Diversified Oil & Gas, LLC and Diversified Appalachian Group, LLC to the capital of the Company. The Contribution Agreement contains certain basic warranties and representations given by the Contributors to the Company. The Contribution Agreement is governed by the laws of the State of Alabama.

12.24 **Assignment Agreement (1)**

Pursuant to the Contribution Agreement, the Company entered into an assignment of interests agreement by and between Robert M. Post, Robert R. Hutson, Jr. (the "Assignors") and the Company effective as of 1 November 2016 ("Assignment Agreement (1)") pursuant to which the Assignors assign their interest (which collectively amounts to 100% ownership) in Diversified Oil & Gas, LLC and Diversified Appalachian Group, LLC to the Company. The Assignment Agreement (1) is governed by the laws of the State of Alabama.

12.25 **Assignment Agreement (2)**

Pursuant to the Contribution Agreement, the Company entered into an assignment of interests agreement by and between the Company (the "Assignor") and Diversified Gas & Oil Corporation effective as of 1 November 2016 ("Assignment Agreement (2)") pursuant to which the Assignor assigns its interest in Diversified Oil & Gas, LLC and Diversified Appalachian Group, LLC to Diversified Gas & Oil Corporation immediately after Assignment Agreement (1) was effective. The Assignment Agreement (2) is governed by the laws of the State of Alabama.

12.26 **CrossFirst Bank Loan Agreement**

On 30 June 2015, a loan agreement was entered into by and between Diversified Oil & Gas LLC and CrossFirst Bank, pursuant to which a revolving line of credit for up to US$25,000,000 was made available to the Group. The initial maturity date of the loan was 30 June 2016, however the loan has been extended through to 31 August 2017. The current outstanding balance under the loan as at 30 June 2016 is US$2,000,000.

Pursuant to the terms of the loan, a first priority and senior mortgage lien and security interest has been granted in favour of CrossFirst Bank, encumbering all of Diversified Oil & Gas LLC's leasehold working interests in the certain oil and gas properties covering at least 80% of the value of Diversified Oil & Gas LLC's proven reserves (including leasehold properties, wells, leasehold working interest, royalty interests and other mining and mineral interests situated in Ohio). Those certain oil and gas properties include wells located in Ashtabula, Athens, Coshocton, Geauga, Holmes, Lake, Lorain, Medina, Meigs, Morgan, Noble, Stark, Summit, Trumball, Tuscarawas, Washington, and Wayne Counties. The Group has confirmed that only those assets related to the Broad Street purchase and sale agreement, summarised in paragraph 12.4 of this Part VIII, are subject to this mortgage.

The CrossFirst loan agreement and security documents related thereto are governed by the laws of Oklahoma.

12.27 **Master Equity Lease Agreement**

On 24 July 2012, an equity master lease agreement was entered into by and between Enterprise FM Trust, a Delaware statutory trust and Texas Keystone, Inc., a Pennsylvania Corporation. This agreement was subsequently assigned to the Company by Texas Keystone, Inc. on 31 October 2015. This agreement provides for the lease of vehicles by the Company.

This agreement is governed by Missouri law.

13. RELATED PARTY TRANSACTIONS

Save for the related party transactions noted in the historical financial information for the Group in Part V of this document, or referred to in paragraph 12.21 in this Part VIII, during the period of two years immediately preceding the date of this document, no company in the Group has entered into any related party transactions.

14. WORKING CAPITAL

The Directors are of the opinion (having made due and careful enquiry) that, after taking into account the financing facilities available and the net proceeds from the Placing, the working capital of the Company and its Group will be sufficient for its present requirements, that is, for at least the period of 12 months from the date of Admission.

15. LITIGATION

No member of the Group is or has been engaged in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which have had or may have a significant effect on the Group's financial position or profitability during the 12 months preceding the date of this document and, so far as the Directors are aware, there are no such proceedings pending or threatened by or against any member of the Group.

16. NO SIGNIFICANT CHANGE IN FINANCIAL OR TRADING POSITION

Save as otherwise disclosed in this document, there has been no significant change in the financial or trading position of the Group since 30 June 2016, the date to which financial information set out in Part V of this document was prepared.

17. INTELLECTUAL PROPERTY

The Company has confirmed that it does not own any intellectual property other than its website domain name - http://www.diversifiedgasandoil.com/.

18. PROPERTY

The following properties are owned by the Group, and were acquired pursuant to the following deeds:

(a) pursuant to a deed dated 16 December 2013, the real property located at 7907 TR 103, Millersburg, Ohio, 44654 was acquired by the Group (and consists of a garage and pipe yard); and

(b) pursuant to a deed dated 11 January 2016, the real property located at 130 Raymond Drive, Indiana, Pennsylvania, 15701 was acquired by the Group (and consists of an office building and pipe yard).

In addition, the US headquarters of the Group is located at 1100 Corporate Drive, Birmingham, Alabama 35242. The 1100 Corporate Drive office building is leased to the Group by an entity owned by the two founding principals, Robert Post and Rusty Hutson Jr. The terms of this new lease are summarised in paragraph 12.21 of this Part VIII.

19. CONSENTS AND OTHER INFORMATION

19.1 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. Smith & Williamson may be said to have an indirect material economic interest which may be dependent on the success of the Placing by virtue of its interest in fees payable by the Company under the Placing Agreement to Smith & Williamson as nominated adviser and joint broker.

19.2 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. Mirabaud may be said to have an indirect material economic interest which may be dependent on the success of the Placing by virtue of its interest in fees payable by the Company under the Placing Agreement to Mirabaud as joint broker.

19.3 The reporting accountant, Crowe Clark Whitehill LLP, has given and not withdrawn its written consent to the issue of this document with the inclusion in it of its reports and letters contained in Parts V and VI of this document respectively, and references thereto and to its name in the form and context in which they appear.

19.4 The Competent Person, Wright & Co Inc., has given and not withdrawn its written consent to the issue of this document with the inclusion in it of its report and letter contained in Part VIII of this document respectively, and references thereto and to its name in the form and context in which they appear.

19.5 Crowe Clark Whitehill LLP of St Bride's House, 10 Salisbury Square, London, EC4Y 8EH are the auditors of the Group.

19.6 The total costs and expenses payable by the Company in connection with the Admission (including professional fees, commissions, the costs of printing and registrars fees) are estimated to amount to approximately £3.0 million excluding VAT. The net proceeds of the Placing receivable by the Company are expected to be approximately £36.6 million.

19.7 Save as otherwise disclosed in this document, there are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Group's business or profitability.

19.8 Save as otherwise disclosed in this document, there have been no significant authorised or contracted capital commitments of the Group at the date of publication of this document.

19.9 No environmental issues have arisen in the past 12 months which would have had a significant effect on the Company's financial position or profitability. Save as disclosed in this document, the Company is not aware of any material environmental issues or risks affecting the utilisation of the Group's tangible fixed assets or its operations.

19.10 Other than as disclosed in this document, no person has (excluding those professional advisers disclosed in this document and trade suppliers):

(a) received, directly or indirectly, from the Company within the 12 months preceding the date of this document; or

(b) entered into any contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:

(i) fees totalling either £10,000 or more;

(ii) securities in the Company with a value of either £10,000 or more calculated by reference to the expected price of an Ordinary Share at Admission; or

(iii) any other benefit with a value of either £10,000 or more or more at the date of Admission.

19.11 Where information contained in this document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

19.12 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.

19.13 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 (where applicable) will be dispatched by first class post within 14 days of the date of Admission.

19.14 There are no arrangements in existence under which future dividends are to be waived or agreed to be waived.

19.15 Smith & Williamson is registered in England and Wales as a private company under the Companies Act 1985 of Great Britain with number 04533970 and is regulated by the FCA. Its registered office is at 25 Moorgate, London, EC2R 6AY.

19.16 Mirabaud is registered in England and Wales as a limited liability partnership under the Limited Liability Partnerships Act 2000 of Great Britain with number OC340133 and is regulated by the FCA. Its registered office is at 33 Grosvenor Place, London, SW1X 7HY.

19.17 The Directors will comply with Rule 21 of the AIM Rules and Article 19 of the Market Abuse Regulation (Regulation 5961 2014) ("MAR") relating to Directors' and applicable employees' dealings in Ordinary Shares and to this end, the Company has adopted an appropriate Share Dealing Code.

19.18 The Placing Price of 65 pence per Ordinary Share represents a premium of approximately 64 pence over the nominal value of £0.01 per Ordinary Share.

19.19 There are no provisions in the Articles which would have the effect of delaying, deferring or preventing a change of control of the Company.

19.20 Save as disclosed in this document, the Directors are unaware of:

(a) any significant trends in production, sales and inventory and costs and selling prices from 30 June 2016 (being the date to which the financial information set out in Part V of this document was prepared) to the date of this document;

(b) 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

(c) any exceptional factors which have influenced the Company's activities.

19.21 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.

19.22 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.

20. AVAILABILITY OF ADMISSION DOCUMENT

Copies of the admission document, which will contain full 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.

30 January 2017

DIVERSIFIED GAS & OIL
PLC

Smith & Williamson

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