

Dear Shareholders and Colleagues,

Now that we have exercised the option to buy into Elephant oil and have funded it, at the same time issuing shares to investors and to Directors, it is a good time to take stock. We organised a shareholder phone-in earlier in the week in the expectation that the announcements would have been cleared before the meeting. To those who listened and felt that the next day's announcements were not adequately anticipated in the general statements of intent of the previous evening – apologies. That was not the intent, but even though the market was closed we cannot anticipate announcements before they have appeared on the RNS system.

We have explained the rationale for investing in Elephant Oil and now that Elephant has us as a listed shareholder we shall be anxious to ensure that they give us news flow that we will be able to pass on to shareholders. We hope to work with them in the near future on providing more information on Elephant Oil and its opportunities and getting this information in the public arena. Matt Lofgran presents the case well and it would be a pity if we missed the opportunity to convey this case fully to our stakeholders.

Both before and after the placing we had a lot of comments along the lines of - "if the price is so cheap why don't you demonstrate your faith by buying shares?" We are all aware that shareholders like to see worthwhile investments by the directors in the companies they run as a sign of confidence and that they are fully committed. Speaking personally, even were I'm not aware of that I would be motivated to invest by my confidence in the prospects of the company. After a long period where we weren't allowed to invest because of non-public information held by directors, I at least had a firm intent to invest at the first available opportunity. That opportunity came with the announcement of the placing. Even up to minutes before we announced the directors' purchase we received messages asking why we hadn't bought and asking how shareholders could believe the price was cheap if we didn't buy ourselves.

We hope that shareholders will understand the commitment we have to the future of the company is evidenced not merely by these investments but by our dedication of time and effort far in excess of the normal working week, week in and week out. There are always some critics: but it seems perverse to urge us to invest to send a signal and then to criticise us for not buying above the market price, as some have. A buy is a buy.

Both in regards in to the investment where people are curious, and in regard to the director purchases, we have received emails, texts, telephone calls and tweets from interested shareholders. We welcome this active engagement by shareholders and most of these have been replied to and all will be replied to. Many of these interactions have been very positive and useful.

We look forward to maintaining news flow over what can be a quiet summer and thank shareholders for their continuous support.

Yours,

Andrew Bell