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San Leon Energy plc

(“San Leon”, the “Group” or the “Company”)

**Proposed Return of up to \$30 million by way of Tender Offer at 46 pence per Ordinary Share
Notice of Extraordinary General Meeting**

San Leon is proposing to purchase up to 50,475,000 Ordinary Shares through a tender offer at a price of 46 pence per Ordinary Share (the “Tender Offer”).

Highlights of the Tender Offer

- The Tender Price represents a premium of 50% to the closing mid-market price on 19 February 2019 (being the latest practicable date prior to the release of this announcement); and
- The maximum number of Ordinary Shares that may be acquired under the Tender Offer is 50,475,000, representing approximately 10% of San Leon's Issued Ordinary Share Capital on 19 February 2019 (being the latest practicable date prior to the release of this announcement).
- Qualifying Shareholders will be entitled to have accepted in the Tender Offer valid tenders of their Basic Entitlement of approximately 10% of their shareholding and may also tender Ordinary Shares in excess of this amount.
- The Tender Offer opens today and will close at 1.00 pm on 20 March 2019 with cash payments expected by no later than 29 March 2019.
- Completion of the Tender Offer will be conditional on Shareholder approval of the Tender Offer at the Extraordinary General Meeting on 15 March 2019.

The preceding summary should be read in conjunction with the full text below, as well as the shareholder circular (the “Circular”), which the Company is posting to Shareholders today and which also includes notice of San Leon's Extraordinary General Meeting. A summary expected timetable of principal events is set out at the end of this announcement.

The Circular is available on the Company's website www.sanleonenergy.com. Terms defined in the Circular have the same meaning in this announcement.

Oisín Fanning, CEO of San Leon, commented:

“We are delighted to be able to announce this tender offer, which is considerably larger than previously announced. The scale of the Tender Offer reflects our strong financial position, our confidence in the Company's future prospects and commensurate cashflow, and our view that the

current share price does not reflect fully the potential value of our business. We will continue to seek opportunities to return capital to Shareholders through either further share buyback tenders or dividends, as the business continues to grow and we execute our strategy on the ground in Nigeria.”

Enquiries:

San Leon Energy plc

Oisín Fanning, Chief Executive (+ 353 1291 6292)

Cantor Fitzgerald Europe (Nominated adviser, financial adviser and joint broker to the Company and manager and broker to the Tender Offer)

Nick Tulloch (+44 131 257 4634)

David Porter (+44 207 894 8896)

Whitman Howard Limited (Financial adviser and joint broker to the Company)

Nick Lovering (+44 20 7659 1234)

Brandon Hill Capital Limited (Joint broker to the Company)

Oliver Stansfield (+44 203 463 5000)

Jonathan Evans (+44 203 463 5016)

Vigo Communications (Financial Public Relations)

Chris McMahon (+44 207 390 0232)

Simon Woods (+44 207 390 0236)

Plunkett Public Relations

Sharon Plunkett (+353 1 280 7873)

San Leon Energy plc

**Proposed Return of up to \$30 million by way of Tender Offer at 46 pence per Ordinary Share
Notice of Extraordinary General Meeting**

San Leon is proposing to purchase up to 50,475,000 Ordinary Shares in the capital of the Company through a Tender Offer at a price of 46 pence per Ordinary Share.

The Company is today posting a circular to Shareholders outlining the Tender Offer and including a notice of Extraordinary General Meeting convened for 11.00 a.m. on 15 March 2019.

The Tender Offer is being made available to all Qualifying Shareholders who are on the Register at 6.00 p.m. on 20 March 2019. Qualifying Shareholders can decide whether they want to tender any, some or all of their Ordinary Shares in the Tender Offer. The maximum aggregate number of Ordinary Shares to be purchased under the Tender Offer is 50,475,000 Ordinary Shares, being approximately 10 per cent. of the current Issued Ordinary Share Capital of the Company. The Tender Price will be 46 pence per Ordinary Share which is a premium of 50 per cent. to the closing mid-market price on 19 February 2019, being the last practicable date to prior the release of this announcement.

The Tender Offer is being made by Cantor Fitzgerald Europe, as principal, on the basis that all Ordinary Shares that it buys under the Tender Offer will be purchased from it by the Company at the

Tender Price. The Board is making no recommendation to Shareholders in relation to participation in the Tender Offer.

Shareholders are not obliged to tender any of their Ordinary Shares if they do not wish to do so. The Circular contains details on the procedure that should be followed by those Qualifying Shareholders wishing to participate in the Tender Offer.

Background to the Tender Offer

In September 2016, the Company secured an indirect economic interest in Oil Mining Lease 18 (“OML 18”), onshore Nigeria.

The Company undertook a number of steps to effect this purchase. Midwestern Leon Petroleum Limited (“MLPL”), a company incorporated in Mauritius of which San Leon Nigeria B.V. has a 40 per cent. shareholding, was established as a special purpose vehicle to complete the transaction by purchasing all of the shares in Martwestern Energy Limited (“Martwestern”), a company incorporated in Nigeria. Martwestern holds a 50 per cent. shareholding in Eroton Exploration and Production Company Limited (“Eroton”), a company incorporated in Nigeria and the operator of the OML 18, and it also holds an initial 98 per cent. economic interest in Eroton.

To partly fund the purchase of 100 per cent. of the shares of Martwestern, MLPL borrowed €156.6 million (US\$174.5 million) in incremental amounts by issuing loan notes with a coupon of 17 per cent. (“Loan Notes”). Midwestern Oil and Gas Company Limited is the 60 per cent. shareholder of MLPL and transferred its shares in Martwestern to MLPL as part of the full transaction. Following its placing in September 2016, San Leon became beneficiary and holder of all Loan Notes issued by MLPL. San Leon is also a beneficiary of any dividends that will be paid by MLPL as a 40 per cent. shareholder in MLPL but the Loan Notes repayments take priority over any dividend payments made to the MLPL shareholders.

The economic effect of this structure is that San Leon has an initial indirect economic interest of 10.584 per cent. in OML 18. Shareholders will note this is higher than the percentage interest anticipated by San Leon at the time of the acquisition in 2016. There have been no further purchases or payments by San Leon but this revised percentage is based on a reassessment and recalculation of the various parties’ interests in OML 18 which has resulted in Martwestern’s economic interest in Eroton now standing at 98 per cent..

Quarterly payments to San Leon under the Loan Notes commenced during 2017 and have continued since. To date, San Leon has received aggregate payments under the Loan Notes totalling US\$108.8 million. The payments received represent interest and principal on the Loan Notes. As such, the Company has a significant balance of cash. A further US\$167.1 million of principal plus additional interest remains outstanding under the Loan Notes through to October 2020.

Although the Company’s recent share price performance has been positive, the Directors believe that the full potential of the Company (including the future Loan Notes repayments) is not reflected in the current share price. Consequently, the Company confirmed during 2018 that it intended to return not less than US\$10 million to shareholders following completion of a court approved capital reduction which was required to enable the Company to return capital to its shareholders. This capital reduction was finalised on 12 February 2019.

Further Loan Notes repayments have been received by San Leon since commencing the capital reduction process and, recognising that, the Directors have determined to increase the capital to be

returned to US\$30 million, being the maximum amount of the Tender Offer. In making this determination, the Directors have had regard to the Company's existing cash balances, future financial commitments and the interests of Shareholders. In setting the Tender Price, the Directors have had regard to the placing carried out in September 2016, by reference to which the Tender Price is at a small premium.

Details of the Tender Offer

The Tender Offer is being made by Cantor Fitzgerald Europe to all Qualifying Shareholders. Full details of the Tender Offer, including the terms and conditions on which it is being made, are set out in Part III of the Circular and, in relation to Shareholders holding Ordinary Shares in a certificated form, on the Tender Form to be sent to Shareholders who hold their Ordinary Shares in certificated form.

The Tender Offer is open to Qualifying Shareholders on the Company's Register as at 6.00 p.m. on the Record Date (20 March 2019).

Qualifying Shareholders are invited to tender any or all of their Ordinary Shares for purchase by the Company at the tender price of 46 pence per Ordinary Share (the "Tender Price") and:

- all Ordinary Shares under the Tender Offer will be purchased at the Tender Price;
- the maximum number of Ordinary Shares that may be purchased is 50,475,000; and
- tenders may be scaled back pro rata to the respective numbers of Ordinary Shares tendered if the number of Ordinary Shares tendered for purchase exceeds 50,475,000.

Subject to the satisfaction of the Company's obligations under the relevant laws (which the Directors believe will be satisfied), and subject to the Resolution becoming effective, the purchase of Ordinary Shares by the Company under the Tender Offer will be funded from the Company's existing cash resources. Ordinary Shares not validly tendered may not be purchased.

Ordinary Shares will be purchased from Qualifying Shareholders free of commissions and dealing charges.

Ordinary Shares validly tendered and purchased by the Company in accordance with the terms of the Tender Offer will be cancelled and will not rank for any dividends declared after, or whose record date is after, the date on which the Ordinary Shares are purchased by the Company (expected to be on 22 March 2019).

The costs (excluding stamp duty) relating to the Tender Offer, assuming the Tender Offer is fully subscribed, are expected to be approximately £185,000 excluding VAT.

The terms and conditions of the Tender Offer are set out in Part III of the Circular. Shareholders do not have to tender any Ordinary Shares if they do not wish to do so.

Any rights of Shareholders who choose not to tender their Ordinary Shares will be unaffected. However, the reduction in the Company's issued share capital may result in a reduction in the liquidity of the Ordinary Shares in the secondary market.

Benefits of the Tender Offer to Shareholders

When originally announced, it had been the Directors' intention to return capital to Shareholders through a share buyback. However, noting in particular the increased amount of the capital return, the benefits of the Tender Offer are that it:

- (a) allows Qualifying Shareholders who may not be able to sell Ordinary Shares through a buyback in the market to participate;
- (b) is available to all Qualifying Shareholders regardless of the size of their shareholding (subject to rounding);
- (c) means tendering Qualifying Shareholders will receive a premium of 50 per cent. to the closing price of 30.6 pence per Ordinary Share on 19 February 2019 (being the Latest Practicable Date);
- (d) provides Qualifying Shareholders who wish to sell Ordinary Shares the opportunity to do so on an equivalent basis to all Qualifying Shareholders;
- (e) enables those Qualifying Shareholders who so wish to participate in the Tender Offer in excess of their otherwise pro rata entitlement, up to their maximum shareholding in the Company (subject to the maximum aggregate number of Ordinary Shares to be purchased under the Tender Offer of 50,475,000 Ordinary Shares), to the extent that other Shareholders do not wish to participate fully in the Tender Offer; and
- (f) enables those Qualifying Shareholders who do not wish to realise their investment in Ordinary Shares at this time to maintain their current investment in San Leon.

Overseas Shareholders

Shareholders with registered or mailing addresses outside Ireland or the UK, or who are citizens or nationals of, or resident in, a jurisdiction other than Ireland or the UK, should read paragraph 8 of Part III of the Circular and the relevant provisions of the Tender Form. It is the responsibility of all Overseas Shareholders to satisfy themselves as to the observance of any legal requirements in their jurisdiction, including, without limitation, any relevant requirements in relation to the ability of such holders to complete and return a Tender Form.

Terms of the Tender Offer

The Tender Offer is conditional upon the following Tender Conditions:

- (i) the Repurchase Agreement not having been terminated in accordance with its terms;
- (ii) the Company being satisfied that it has available to it sufficient distributable profits (in accordance with section 117 of the Act) to effect the purchase of all tendered Ordinary Shares in accordance with the Repurchase Agreement;
- (iii) Cantor Fitzgerald Europe being satisfied that the Company has procured payment of an amount equal to the Tender Price multiplied by the number of Ordinary Share successfully tendered into an interest bearing client bank account of the Receiving Agent in accordance with the Repurchase Agreement;

- (iv) the Tender Offer not having been terminated in accordance with paragraph 7 of Part III of the Circular on or prior to 30 April 2019 (or such later time and date as the Company and Cantor Fitzgerald Europe may agree) prior to the fulfilment of the Tender Conditions referred to above;
- (v) the aggregate consideration to be paid by Cantor Fitzgerald Europe in respect of the Tender Offer being no more than \$30 million;
- (vi) the total number of Ordinary Shares purchased pursuant to the Tender Price being not more than 50,475,000, representing approximately 10 per cent. of the Company's issued share capital; and
- (vii) the approval by the Shareholders of the Resolution at the Extraordinary General Meeting.

Company share options and management remuneration

As at the Latest Practicable Date, the Directors held options as further detailed in the Circular over a total of 13,590,000 Ordinary Shares. As at the Latest Practicable Date, other options and warrants had been awarded over a total of 26,443,525 Ordinary Shares. The proportion of Issued Ordinary Share Capital that all awards or options represent as at the Latest Practicable Date is 7.91 per cent.. The proportion of Issued Ordinary Share Capital that all awards or option holders would represent if the maximum number of Ordinary Shares that may be purchased under the Tender Offer are acquired by San Leon and cancelled is 8.79 per cent., assuming no change to the number of options as described in the following paragraph.

In line with the Company's commitment to staff incentivisation and retention, the remuneration committee of the Company (the "**Remuneration Committee**") proposed to the Board that all existing Company share options which have an exercise price above 45 pence per Ordinary Share, are repriced with an exercise price of 45 pence, being a premium of 47 per cent to the closing mid-market price on the Latest Practicable Date and equivalent to the Tender Price. All other terms remain unchanged. In making this proposal, independent third party advice was obtained. The Board has accepted the proposal, and has implemented the repricing.

The number of share options affected by these arrangements is 9,474,822 and the total number of all share options and warrants that are currently outstanding is 40,033,525.

New long term incentive arrangements

In addition to the above and following approval by the Remuneration Committee, the Company has put in place new long term incentive arrangements for the executive Directors of the Company. The long term incentive arrangements have been established in recognition of San Leon's strategy to develop and grow its assets in Africa and it is intended that awards will first be made following any significant acquisition or investment that the Company may make. The long term incentive arrangements will be administered by the Remuneration Committee.

The Remuneration Committee has discretion to make awards under the long term incentive arrangements in the form of options over Ordinary Shares at an exercise price of 45 pence per share. The number of shares that may be granted under an award to any given participant in any financial year may not exceed such number of Ordinary Shares that has an award value equal to 3x the participant's salary.

At the time of making an award the Board will set challenging performance targets in order to align the interests of employees with shareholders and which must be satisfied before an award vests. Performance targets will be tested over a minimum three year period and will be structured:

- (a) As to 50 per cent. of the award, an evaluation by the Remuneration Committee of the participant's personal contribution to the Company's operations and performance; and
- (b) As to 50 per cent. of the award, based on the achievement of certain share price targets with a share price level of 75 pence being required for the maximum award to vest (with partial vesting on the attainment of prescribed share price thresholds in the range of 45 – 75 pence).

In addition to the above, and as previously announced, each of Linda Beal and Bill Higgs have been issued with share options over 1,000,000 Ordinary Shares at an exercise price of 45 pence. Both Linda and Bill received these share options as a result of their appointment as non-executive directors of the Company.

Remuneration of Oisín Fanning

As previously announced, Oisín Fanning has received Ordinary Shares in lieu of 80 per cent. of salary, beginning in January 2015. In October 2018, as a result of the Company's improved financial standing and in line with the Company's announced commitment to repurchase its own shares, the Board requested that Mr Fanning revert to receiving 100 per cent. of his salary in cash as of 1 October 2018. Mr Fanning accepted this request, and new Ordinary Shares have now been issued to him in accordance with the table below.

Ordinary Shares held at 28 June 2018	3,635,594
Ordinary Shares issue in lieu of 80% of salary for 1 January 2015 – 30 September 2018	5,590,270
Total Ordinary Shares held at the Latest Practicable Date	9,225,864

Application has been made for these 5,590,270 new Ordinary Shares to be admitted to trading on AIM, which is expected to occur on, or around, 25 February 2019. Following the issue of the new Ordinary Shares, the Company will have 505,847,127 ordinary shares in issue. No ordinary shares are held in treasury. The figure of 505,847,127 Ordinary Shares may be used by Shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the DTRs.

Action required

Further details of the procedure for tendering and settlement are set out in Part I of the Circular and for certificated Shareholders in the accompanying Tender Form.

Recommendation

The Board considers the Tender Offer to be in the best interests of the Company and Shareholders as a whole, and recommends that Shareholders vote in favour of the Resolution at the EGM.

The Directors make no recommendation to Shareholders in relation to participation in the Tender Offer itself. Whether or not Shareholders decide to tender all or any of their Shares will depend, amongst other things, on their view of the Company's prospects and their own individual circumstances, including their tax position. Shareholders are recommended to consult their duly authorised independent advisers and make their own decision.

The Directors, who are Qualifying Shareholders, do not intend to tender Ordinary Shares in the Tender Offer.

Expected Timetable of Principal Events

Tender Offer opens	20 February 2019
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 13 March 2019
Extraordinary General Meeting	11.00 a.m. on 15 March 2019
Results of Extraordinary General Meeting Announced	15 March 2019
Closing Date	1.00 p.m. on 20 March 2019
Record Date for Tender Offer	6.00 p.m. on 20 March 2019
Results of Tender Offer announced	by 7.00 a.m. on 22 March 2019
Purchase of Ordinary Shares under the Tender Offer	22 March 2019
CREST accounts credited with Tender Offer consideration and any unsold uncertificated Ordinary Shares	by 29 March 2019
Despatch of cheques for Tender Offer consideration in respect of certificated Ordinary Shares sold under the Tender Offer and any balance certificates in respect of any unsold certificated Ordinary Shares	by 29 March 2019

The dates and times given in this announcement are London time and are based on the Company's current expectations and may be subject to change. Any changes to the expected timetable will be announced via a Regulatory Information Service.

IMPORTANT NOTICES

This announcement is not intended to, and does not constitute, or form part of, any offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction. The Tender Offer is made only pursuant to the Circular and the related Tender Form with respect to the Ordinary Shares. Shareholders are advised to read carefully the Circular. Any response to the Tender Offer should be made only on the basis of the information in the Circular to follow.

Cantor Fitzgerald Europe as manager of the Tender Offer and the Company's joint broker, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for San Leon, and for no one else, in connection with the matters described in this announcement and is not, and will not be, responsible to anyone other than San Leon for providing the protections afforded to its clients nor for providing advice in connection with the matters set out in this announcement.

Apart from the responsibilities and liabilities, if any, which may be imposed on Cantor Fitzgerald Europe by FSMA or the regulatory regime established thereunder, Cantor Fitzgerald Europe accepts no responsibility whatsoever for the contents of this announcement nor for any other statement made

or purported to be made by it or on its behalf in connection with the Company or the Tender Offer. Cantor Fitzgerald Europe accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this announcement or any such statement.

Cautionary statement regarding forward-looking statements

This announcement contains statements about San Leon that are or may be forward-looking statements. All statements other than statements of historical facts included in this announcement may be forward-looking statements. Without limitation, any statements preceded or followed by or that include the words “targets”, “should”, “continue”, “plans”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “estimates”, “projects” or words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements include all matters that are not historical facts and statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, future capital-raising activities, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of San Leon’s operations and potential effects the Tender Offer; and (iii) the effects of government regulation on San Leon’s business.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are difficult to predict and outside of San Leon’s ability to control. Forward-looking statements are not guarantees of future performance and the actual results of San Leon’s operations and the development of the markets and the industry in which San Leon operates, may differ materially from those described in, or suggested by, the forward-looking statements contained in this announcement. In addition, even if San Leon’s business results of operations, financial position and/or prospects, and the development of the markets and the industry in which San Leon operates, are consistent with the forward-looking statements contained in this announcement, those results and developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments of San Leon to differ materially from those expressed or implied by the forward-looking statements.

The forward-looking statements therein speak only at the date of this announcement and Shareholders are cautioned not to place undue reliance on such forward-looking statements. Save as required by the Market Abuse Regulations or by law, San Leon undertakes no obligation to update these forward-looking statements and will not publicly release any revisions it may make to these forward-looking statements that may occur due to any change in its expectations or to reflect events or circumstances after the date of this announcement.

If Shareholders are in any doubt as to the action they should take in relation to the Tender Offer, they are recommended to seek their own financial advice from an independent financial adviser being, if they are resident in Ireland, an organisation or firm authorised under the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) or the Investment Intermediaries Act 1995 (as amended) or, if they are resident in the United Kingdom, an organisation or firm authorised pursuant to the Financial Services and Markets Act 2000 of the United Kingdom or, if they are not so resident, from another appropriately authorised independent financial adviser.

Overseas shareholders

The availability of the Tender Offer to Shareholders who are not resident in Ireland or the United Kingdom may be affected by the laws of the relevant jurisdiction in which they are located. Persons who are not resident in the United Kingdom or Ireland should read the paragraph headed "Overseas

Shareholders" set out in paragraph 8 of Part III of the Circular and should inform themselves about, and observe, any applicable legal or regulatory requirements.

The Tender Offer is not being made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telephone and e-mail) of interstate or foreign commerce of, or any facilities of a national securities exchange of, any Restricted Jurisdiction and the Tender Offer cannot be tendered into by any such use, means, instrumentality or facility or from within any Restricted Jurisdiction.

Accordingly, unless otherwise determined by the Company and Cantor Fitzgerald Europe and permitted by applicable law and regulation, neither the Circular nor the accompanying Tender Form and/or any related document is being, nor may it be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed, or sent in, into or from any Restricted Jurisdiction, and persons receiving the Circular, the Tender Form and/or any related document (including, without limitation, trustees, nominees or custodians) must not mail or otherwise forward, distribute or send it in, into or from such Restricted Jurisdiction, as to do so may invalidate any purported tendering into the Tender Offer. Any person (including, without limitation, trustees, nominees or custodians) who would or otherwise intends to, or who may have a contractual or legal obligation to, forward the Circular, the accompanying Tender Form and/or any related document to any jurisdiction outside Ireland or the United Kingdom, should seek appropriate advice before taking any action.

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