

# THE TAKEOVER PANEL

## OFFERS BY

**SHELL EXPLORATION AND PRODUCTION (XL) B.V. (“SHELL”)**

**AND**

**PTTEP AFRICA INVESTMENT LIMITED (A WHOLLY-OWNED  
SUBSIDIARY OF PTT EXPLORATION AND PRODUCTION PUBLIC  
COMPANY LIMITED (“PTTEP”)**

**FOR**

**COVE ENERGY PLC (“COVE”)**

On 24 April 2012, Shell announced a recommended cash offer of 220 pence per share for Cove. The Shell offer document was published on 2 May. On 23 May, PTTEP announced a recommended cash offer of 240 pence per share for Cove. The PTTEP offer document was published on 1 June.

On the basis that neither offeror has declared its offer final, such that either offer may be increased or otherwise revised, a competitive situation continues to exist for the purposes of Rule 32.5 of the Takeover Code (the “**Code**”).

In the absence of agreement between the parties as to any alternative procedure for resolving this competitive situation, and in order to provide an orderly framework for its resolution in accordance with Rule 32.5 of the Code, the Panel Executive has ruled in the following terms.

1. The latest time by which either offeror will be permitted to announce or make a revised offer, other than in accordance with the procedure set out in paragraphs 2 to 21 (the “**Auction Procedure**”) or otherwise with the consent of the Panel, shall be 5.00 p.m. (London time) on Monday, 16 July. For these purposes, a revised offer includes any offer for Cove shares which represents a change in the value or type of the consideration being offered by an offeror under its offer or any alternative offer as at 5.00 p.m. (London time) on Monday, 16 July. This restriction shall not apply in the event that a third party (other than Shell or PTTEP or anyone acting in concert with either of them)

announces a firm intention to make an offer for Cove under Rule 2.7 of the Code.

2. If a competitive situation continues to exist as at 5.00 p.m. (London time) on Monday, 16 July, the Auction Procedure shall operate as regards any revision of either offeror's offer.
3. If either offeror wishes to announce a revised offer after 5.00 p.m. (London time) on Monday, 16 July, the full text of the revised offer announcement (an **“Offer Announcement”**) must be:
  - (a) submitted, after 3.00 p.m. but before 4.30 p.m. (in each case London time) on the relevant day, to the Panel Executive; and
  - (b) submitted, before 5.00 p.m. (London time) on the relevant day, for publication in accordance with Rule 2.9 of the Code, embargoed for publication until that time.
4. If an offeror submits an Offer Announcement to the Panel Executive in accordance with paragraph 3(a), it must then proceed to publish that Offer Announcement, without any amendment and in accordance with paragraph 3(b), unless the Panel otherwise consents or directs. If an offeror has not submitted an Offer Announcement to the Panel Executive in accordance with paragraph 3(a) then, without prejudice to the generality of paragraph 12(a), it may not then publish any revised offer announcement (whether or not in purported compliance with paragraph 3(b)) on the day in question.
5. For the purposes of the Auction Procedure, the only manner in which either offeror may revise its offer is by unconditionally increasing, by a fixed amount in whole pence, the cash consideration payable under its offer. Neither offeror may introduce any form of alternative consideration or increase the value of the cash consideration payable under its offer by reference to a formula (including, without limitation, a formula that is determinable by reference to the value of any other offer).
6. Either or both offerors may announce a revised offer on Tuesday, 17 July (the **“Auction Start Date”**).

7. An offeror shall then be able to announce a revised offer on Wednesday, 18 July provided the other offeror has announced a revised offer on Tuesday, 17 July. If neither offeror has announced a revised offer on Tuesday, 17 July, the Auction Procedure shall end at 5.00 p.m. (London time) on Tuesday, 17 July.
8. Subject to any requirements of the Panel as envisaged by paragraph 13, the process described in paragraph 7 shall then continue *mutatis mutandis* on sequential days unless and until, on any given day, neither offeror announces a revised offer, in which case the Auction Procedure shall end at 5.00 p.m. (London time) on the day in question.
9. Each offeror may make only one Offer Announcement per day during the Auction Procedure (including on the Auction Start Date) and any such Offer Announcement must follow the procedures described in paragraph 3 and comply with Rule 2.7(d) of the Code.
10. If either offeror announces a revised offer during the Auction Procedure it must (except with the consent of the Panel) publish its revised offer document on or before the seventh day after the date on which the last revised offer is announced by either offeror in accordance with the Auction Procedure. The Panel will consult the board of Cove with regard to any request made by an offeror whose offer following the end of the Auction Procedure represents the lower offer for a dispensation from any obligation to publish a revised offer document. Any such dispensation may be given on such terms as the Panel in its absolute discretion considers appropriate.
11. If the Auction Procedure results in the announcement of a revised offer by either offeror, the offer timetable shall be extended such that the latest date on which either offer may become or be declared unconditional as to acceptances will be the fourteenth day after the latest date on which either offeror publishes its revised offer document in accordance with paragraph 10.
12. Between 5.00 p.m. (London time) on Monday, 16 July and the conclusion of the Auction Procedure:
  - (a) none of Cove, Shell or PTTEP nor any person acting in concert with

any of them may, without the prior consent of the Panel, make any public statement in relation to or which could reasonably be expected to affect the orderly operation of the Auction Procedure (including in relation to any revised offer announced by an offeror) or in relation to the terms of Shell's or PTTEP's offer; and

- (b) neither offeror nor any person acting in concert with it may deal in relevant securities of Cove or take any steps to procure, amend or renew any irrevocable commitment or letter of intent in relation to Shell's or PTTEP's offer (whether or not either such offer is revised). Following the end of the Auction Procedure, neither offeror nor any person acting in concert with it may, during the offer period, acquire any interest in relevant securities of Cove on better terms than those of its offer.
13. Pursuant to Note 2 on Rule 32.5 of the Code, the Panel may impose a final time limit for announcing revised offers under the Auction Procedure, taking into account representations made by the board of Cove, the revised offers announced during the Auction Procedure and the duration of the Auction Procedure. In the event that the Panel Executive imposes any such final time limit it will be a further requirement of the Auction Procedure that the cash consideration payable under any revised offer announced by Shell must be at an odd-numbered price and that the cash consideration payable under any revised offer announced by PTTEP must be at an even-numbered price.
  14. If an offeror purports to revise its offer in a manner which the Panel determines to be in breach of these rules, the Panel may, in its absolute discretion, declare any such revision to be null and void.
  15. The Auction Procedure will end only in accordance with paragraphs 7 or 8 or following the expiry of any time limit imposed by the Panel as envisaged by paragraph 13.
  16. Time shall be of the essence for the purposes of the interpretation of these rules, unless the Panel otherwise agrees. All times referred to in these rules are to British Summer Time (as stated on the webpage

[www.greenwichmeantime.co.uk](http://www.greenwichmeantime.co.uk), or, if that webpage is not functioning properly, by reference to such other clock as the Panel shall determine).

17. References in these rules to days are to calendar days (including, for the avoidance of doubt, days which are not business days).
18. Terms used or defined in the Code shall have the same meanings when used in this announcement, unless the Panel otherwise determines.
19. In the event of a dispute as to the interpretation or application of these rules the Panel's determination shall be final, subject to the normal appeal procedures.
20. The Panel reserves the discretion to amend these rules as it sees fit and in its absolute discretion, including in the event of a material development taking place on or prior to 5.00 p.m. (London time) on Monday, 16 July (including, for example, the announcement by either offeror of a revised offer or of a no increase statement) or during the Auction Procedure. In particular, the Panel reserves the right to suspend the Auction Procedure (including its commencement) and also reserves the right to suspend the offer timetable, in each case if it considers this to be necessary for any reason. The Panel reserves the right to make any announcement it considers appropriate in these circumstances.
21. The Panel Executive shall in any case, prior to 5.00 p.m. (London time) on Friday, 13 July, issue written instructions to each offeror setting out in further detail certain procedural requirements in relation to the Auction Procedure. Such written instructions shall form part of these rules.

Each of Shell, PTTEP and Cove has accepted this ruling.

13 July 2012