

26 November 2013

3Legs Resources plc

Corporate update

3Legs Resources plc ("**3Legs**" or the "**Company**"), an independent oil and gas group focusing on the exploration and development of unconventional oil and gas resources, announces the following corporate update.

Highlights:

- Data gathered from vertical wells to date have enabled a detailed understanding of well stimulation effectiveness and of reservoir properties in the Company's target shale horizons. The Company has agreed with ConocoPhillips that the optimal route to assessing flow rate potential in these horizons will now be to drill, stimulate and test a long lateral well in the Sasino shale horizon.
- A three-well 2013/14 programme designed to achieve this objective has been agreed with ConocoPhillips, commencing in Q4 2013 with two vertical pilot wells, to be drilled in our high-graded area in order further to delineate the extent of the Sasino and Piasnica horizons and determine the optimum placement for the planned lateral well.
- The 2013/14 programme will culminate in a long lateral well most likely to be drilled in the Sasino formation by way of side-track from one of the two planned vertical wells, completed with a multi-stage stimulation and tested, over the period Q2/Q3 2014.
- The significant learnings to date, together with the results of the vertical test in the Sasino horizon in the Strzeszewo LE-1 vertical well due to be executed in December 2013, will help calibrate completion designs for the long lateral well planned for 2014.
- The cost of the committed work programme is estimated at approx. US\$63 million gross (approx. US\$19 million net to the Company); we currently anticipate a cash position of approx. £17 million at end Q3 2014, based on the budget agreed with ConocoPhillips.
- The planned programme further progresses the Board's strategy to maximise the potential of the Baltic Basin concessions whilst prudently managing the Company's cash balances.

Kamlesh Parmar, Chief Executive of 3Legs Resources, said:

"We are delighted to continue our collaboration with ConocoPhillips through agreement on our 2013/2014 programme, designed to deliver a flow rate with commercial potential from our next lateral well. The programme is consistent with our strategy to focus the Group clearly on our western Baltic Basin concessions, while reducing our commitments elsewhere, and we believe is the right way to unlock value quickly and efficiently for our shareholders. We remain firm believers in the potential for a successful shale gas project in Poland and in the prospectivity of our acreage."

Larry Archibald, Senior VP Exploration at ConocoPhillips, commented:

"From our technical analysis of the results to date, and drawing on our experience of a number of North American shale plays, ConocoPhillips believes that, through our holding in Lane Energy Poland, we hold some of the best acreage in the Polish Baltic Basin. We have proven that these shales are capable of sustained gas

flow. Through our planned exploration programme we have the opportunity to more thoroughly assess the potential commerciality of this prospective acreage.”

Corporate update

Maintaining focus on Baltic Basin

As previously announced, 3Legs has been in discussions with ConocoPhillips regarding the 2014 exploration programme. These discussions have now concluded, and 3Legs and ConocoPhillips have committed to a new 2013/14 work programme.

We continue to maintain our focus on our three western Baltic Basin concessions, which we believe represent some of the most prospective shale acreage in onshore Poland. Having considered the results from the stimulation and test of the Piasnica (or Cambrian Alum) shale in the Strzeszewo LE-1 well, together with the results from previous wells, we have concluded that while the testing of our target zones in a vertical well can yield valuable data regarding the formation properties and its responsiveness to a stimulation, it is unlikely to provide sufficient flow rate data to enable flow rates from a long lateral section to be reliably projected.

We have therefore agreed with ConocoPhillips to include in the current drilling programme a long-length lateral well, to be stimulated with a multi-stage treatment and then tested for up to 90 days. Our primary target remains the Sasino (or Ordovician O3) horizon, while the Piasnica horizon remains an important secondary objective.

2013/14 well programme

The first stage of the 2013/14 well programme will comprise the drilling of two new vertical wells in order to improve our understanding of our two target formations in our high-graded area, including depth, thickness and shale reservoir properties, and hence to determine the optimum placement of the planned lateral section. Planning for the drilling of the first vertical well, Lublewo LEP-1, is well advanced and drilling is expected to commence in December 2013, to be followed by the second vertical well, Sławoszyno LEP-1, in the first quarter of 2014.

In addition, a single stage stimulation and test of the Sasino horizon is due to be carried out in the Strzeszewo LE-1 vertical well during December 2013. This stimulation will comprise a cross-linked gel fluid in order to optimise concentrations of proppant delivered into the formation, and will assist in the calibration of the completion design for the planned long lateral well in 2014.

A decision on the location of the planned lateral well will be taken following the drilling of both vertical wells. The well is planned to be drilled by way of a sidetrack from one of the two new vertical wells and is expected to involve a long lateral section of up to 1600 metres, most likely in the Sasino shale. The well will then be completed with a multi-stage stimulation, using a cross-linked gel fluid, and put on test for up to 90 days. Our design for the completion programme on this well comprises approximately 20 stages, which represents a significant increase on the 13 stage programme carried out on our Lebien LE-2H lateral well in 2011.

A decision on the drilling, stimulation and testing of a second long lateral well, most likely in the underlying Piasnica shale horizon, will be taken following the receipt of results from the test of the first lateral well. If we achieve positive results from the tests of one or both lateral wells, we will then consider with ConocoPhillips whether to proceed to design and implement a pilot development programme. The 2013/14 well programme is designed both to meet current licence commitments and to progress the exploration of our target shales.

Learnings to be applied

An important factor in maximising productivity from our target formations will be managing their sensitivity to water. Based on our core analysis, we are continually improving the mud programme and the choice of stimulation fluids.

Our completion designs are now based on a cross-linked gel, rather than a slick-water fluid as was used on the initial stimulation of the Lebien LE-2H lateral well in 2011. Using a cross-linked gel will effectively stimulate the target horizon while reducing the amount of water needed for each stage and optimising the amount of proppant delivered into the target formation.

Ongoing core analysis and testing from our wells is helping us to prepare for and manage other rock sensitivities with a view to optimising completion design. Test data have indicated that an optimum strategy for improving formation productivity is to stimulate a larger number of smaller fractures, but using high volumes of proppant in each case (i.e. significantly higher than those used in our Lebien LE-2H lateral well). We have also concluded that the most suitable proppant for the main part of the stimulation programme is a 30/50 mesh high quality white sand as opposed to, for example, a ceramic or resin-coated proppant.

The stimulation of the Sasino horizon in our vertical Strzeszewo LE-1 well, due to be carried out during December 2013, will help us to test and refine our preferred design before its implementation in the planned lateral well next year. We expect our refined completion design, to be applied to the planned lateral well in 2014, to yield a significant improvement in flow rates as compared with flow rates achieved to date.

Geology and focus on high-graded area

Ongoing core analysis confirms our geological interpretation to date, which shows our high-graded area for the Sasino and Piasnica zones extending across the northern part of our western Baltic Basin concessions. The Sasino formation is estimated to have over 25 metres of thickness across our high-graded area, while the Piasnica formation is estimated to have over 15 metres of thickness across our high-graded area. The two planned vertical wells will help further delineate our high-graded area for both target horizons, and thus help optimise the placement of the planned lateral well.

Ministry approval has now been received for the acquisition of 67 km of 2D seismic data on our Leborg concession. This seismic programme is due to be commenced imminently and, together with the two new vertical wells to be drilled, will assist in the design and implementation of a pilot development programme, if a decision is made to proceed with this.

Balance sheet impact

The cost of the work programme which we have committed to is expected to be approximately US\$63 million gross (approximately US\$19 million net to 3Legs). Accordingly, we currently anticipate that following implementation of the programme outlined above and based on the budget we have agreed with ConocoPhillips, we will have cash reserves of approximately £17 million at the end of the third quarter of 2014.

While we are committed to the programme outlined above, we will not commit to any further expenditure on our western Baltic Basin concessions in the absence of positive initial results from the planned lateral well. If such positive initial results do not materialise, we will consider all options at that stage including discussing with ConocoPhillips alternative options for the further exploration and appraisal of the western Baltic Basin concessions, which may include reviewing our continued participation in these concessions. In addition, 3Legs has agreed to a one-time right to cease its participation in these concessions at the point that 3Legs' expenditure on this work programme reaches US\$19 million on or before 31 December 2014.

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Notes to Editors

3Legs Resources plc is an independent oil and gas group focused on the exploration and development of unconventional oil and gas resources. 3Legs Resources holds interests in six licences covering approximately 1,084,000 acres (gross) in the onshore Baltic Basin in northern Poland, a region considered to be one of the most promising shale basins in Europe. Its activities are focused primarily on the exploration and appraisal of its three western Baltic Basin licences.

The technical information and opinions contained in this announcement have been reviewed by Christie Ward Schultz (BSc in Petroleum Engineering, Texas Tech University), Engineering Manager of 3Legs Resources plc, who has over 14 years of experience in the oil exploration and production industry. She has consented to the inclusion herein of such technical information and opinions.

www.3legsresources.com

**CAUTIONARY STATEMENT FOR THE PURPOSES OF THE "SAFE HARBOR" PROVISIONS
OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995**

This news release contains forward-looking statements. Forward-looking statements relate to future events and anticipated results of operations, business strategies, and other aspects of ConocoPhillips' operations or operating results. In many cases you can identify forward-looking statements by terminology such as "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "should," "will," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target" and other similar words. However, the absence of these words does not mean that the statements are not forward-looking. Where, in any forward-looking statement, the company expresses an expectation or belief as to future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, there can be no assurance that such expectation or belief will result or be achieved. The actual results of operations can and will be affected by a variety of risks and other matters including, but not limited to, changes in commodity prices; changes in expected levels of oil and gas reserves or production; operating hazards, drilling risks, unsuccessful exploratory activities; difficulties in developing new products and manufacturing processes; unexpected cost increases; international monetary conditions; potential liability for remedial actions

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