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If you sell or have sold or otherwise transferred all of your registered holding of Ordinary Shares, please send this document together with the enclosed Form of Proxy, at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom or by whom the sale or transfer was made, for delivery to the purchaser or transferee.

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Notice of a General Meeting of Molecular Energies Plc to be held at The RAG Army & Navy Club, 36 Pall Mall, London, SW1Y 5JN, 21 September 2023 at 3 p.m. is set out at the end of this document. Whether or not you intend to be present at the General Meeting you are urged to complete and return the enclosed Form of Proxy in accordance with the instructions printed thereon so as to arrive as soon as possible and in any event not later than 3.00 p.m. on 19 September 2023 (or 48 hours (excluding any part of a day that is not a working day) before any adjournment of the General Meeting). Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they so wish.

**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 FCA. Neither the FCA nor the London Stock Exchange has examined or approved the contents of this document.**

# MOLECULAR ENERGIES PLC

("the Company" or "MEN")

*(Incorporated and registered in England and Wales with registered no: 05104249)*

## *Directors*

Peter Michael Levine  
Robert James Shepherd  
Jorge Dario Bongiovanni  
Alexander Charles Moody-Stuart

## *Registered Office*

Carrwood Park  
Selby Road,  
Leeds LS15 4LG

5 September 2023

To the holders of Ordinary Shares:

**Proposed sale of the entire issued share capital of President Energy Holding UK Limited  
for up to US\$40 Million**

**and**

**Notice of General Meeting to be held on 21 September 2023 ("the GM Date")**

This Circular concerns the proposed sale of Molecular's oil and gas interests in Argentina ("the Sale") to be effected by sale of the entire issued share capital of President Energy Holding UK Limited ("PEH"), an indirectly wholly owned subsidiary of MEN ("the Seller") to PLLG Investments Limited ("the Purchaser"), a company ultimately beneficially owned by Peter Levine.

Total consideration for the Sale is up to US\$40 million comprising payment of US\$2 million repayment in due course of a US\$13 million intercompany loan from MEN to PEH that is being procured to be paid by the Purchaser and further contingent consideration all subject to and as further detailed below.

## **Introduction**

The Sale provides MEN with the potential to grow significantly as a public company without the anchor drag of being involved in a country sadly regarded by many investors in both the London and international markets as uninvestable at the present time.

Additionally, the Sale will enable MEN, as a Group, to be free of approximately US\$33 million of third-party financial debt which sits in the Argentine company. This will leave the only remaining financial debt in MEN as a long-term and interest-free loan currently standing at US\$12.1 million provided by one of Peter Levine's beneficially owned companies with a maturity date of end of December 2025 and capable of extension if the parties agree.

MEN will continue to be an active trading company upon completion of the Sale, retaining its interest in a highly prospective exploration licence in Paraguay, with an exploration well currently due to commence drilling in September, as well as its material and valuable interests in Atome Energy PLC and Green House Capital.

The Sale requires approval by the shareholders of MEN pursuant to s190 of the Companies Act 2006 due to the fact that Peter Levine is a director of the Company and the ultimate beneficial owner of the Purchaser, and due to the Sale being of sufficient size relative to that of the Company to constitute a disposal resulting in a fundamental change of business pursuant to Rule 15 of the AIM Rules. Completion of the Sale is, therefore, conditional upon (amongst other things) the approval of shareholders at a General Meeting of the Company. The matters referred to in this Circular do not affect the intention of MEN to spin-out its Green House Capital division via an Initial Public Offering during the course of this year.

At the same time, the authorities granted to the Directors to issue shares are proposed to be enlarged to give MEN the flexibility to use capital increases for the benefit of expansion going forward.

## **Background to PEH**

PEH is the beneficial owner of the entire issued share capital of President Petroleum S.A ("PPSA"), a company registered and operating under the laws of Argentina.

PPSA is the owner and operator of MEN's oil and gas interests in Argentina comprising 3 oil and gas producing concessions and one producing exploration licence in the Rio Negro Province and an oil producing concession in the Province of Salta. The concessions held in Rio Negro are 90 per cent. beneficially owned and expire subject to renewal in 2027/8, the exploration licence is wholly owned and expires within 12 months and the concession in Salta is entirely beneficially owned and due to expire in 2050 subject to renewal.

## **Current Position**

All of the concessions/licences are conventional mature fields and are subject to inevitable natural declines, the consequences of which have seen net oil and gas production decrease from an average of 1,650 boepd in 2022 to 1,514 boepd in the second quarter of 2023.

PPSA is operationally profitable with an EBITDA registered with the Argentine authorities of approximately US\$3.5 million for the first 6 months of 2023 on turnover of approximately US\$16 million. Much of this operational profit is used to service its third-party financial debts which are currently approximately US\$33 million. All financial debts, both capital and interest, are being serviced. Current registered 2P hydrocarbon reserves as at 31 December 2022 are approximately 19 mmboe. PPSA will on the contemplated completion of the Sale owe MEN approximately US\$13 million, comprised of the sum of US\$10.9 million by way of an intercompany loan and US\$1.9 million of accrued interest, which it is currently prohibited to service due to Argentina Central Bank restrictions on all such foreign payments.

## **Reason for Sale**

The independent directors (being all directors save for Peter Levine) consider that the Sale is in the best interests of shareholders in MEN for the following reasons:

1. The country of Argentina is economically and politically volatile and unstable and has degraded materially since the Company became invested there, especially so this year. In effect, the country has run out of dollars and a primary election for President of the country in August produced a surprising result creating significantly more instability and uncertainty and resulting in an approximate 22 per cent. depreciation of the Peso overnight. Inflation is running at over 100 per cent. per annum and projected to increase with no certainty of the country restoring its economic and political stability in the medium term. Since the primary election the country has imposed a Medanita (domestic crude) reference price of US\$56 a barrel.
2. PPSA is currently prevented from paying any of its intergroup debts or interest on them by Central Bank restrictions, nor can it pay overseas service providers and there is in effect a Federal block on it being able to pay for any assets or service equipment from abroad. No dividends can likewise be paid out of the country to foreign interests. These are general restrictions affecting all areas of business in Argentina and, whilst PPSA is a dollar-based business, it is adversely limited by the environment in which it operates.
3. The public markets in London have shown a consistent lack of appreciation of foreign investment in Argentina, demonstrated by the present market capitalisation of MEN. Of the three AIM companies with material oil and gas interests in Argentina (including MEN), one has been privatized by its largest shareholder (Phoenix Global Resources) and the other (Echo Energy) has reduced its Argentine exposure to a relatively minimal level with its shares at the date hereof suspended from trading on AIM.
4. The mature fields owned and operated by PPSA, whilst operationally profitable, require sustained investment. The Board considers it inadvisable for foreign investment to be made into PPSA from MEN to continue expanding the business. There is no guarantee when or if at all that monies can be repaid, and dividends paid. This acts as a severe inhibitor when it comes to using the capital markets for the benefit of MEN's other businesses.
5. The Independent Directors therefore consider that Argentina is not a country into which MEN as a London Stock Market company should continue to invest and accordingly PPSA should no longer be held by MEN.

The Independent Directors also consider that the Sale will preserve the structure of PPSA and permit a smooth and expeditious transfer of ownership without requirement of any Argentine regulatory consents and approvals.

By selling to an entity of Peter Levine, it will also preserve, as far as is reasonably possible, the financial integrity of PPSA in the face of its third-party financial creditors, the Provinces and business partners. It also avoids the usual costly and lengthy due diligence, warranties and indemnities that are required by independent third parties given there are in this case none required by the Purchaser other than as to title to the shares of PEH so any risk to MEN in this regard is obviated.

The Sale has been deliberately structured to provide MEN with a near-term cash injection, provide for repayment in due course of the US\$13 million of debt and accrued interest owing by PPSA to MEN and provide MEN with exposure to any enhancement in PPSA's profitability and ability to pay dividends by way of the contingent consideration linked to free cash flow generation all subject to conditions.

## **The Terms of the Sale**

The terms of the Sale are:

1. Subject to PPSA continuing to carry out its operations in the normal and ordinary course during the period of 12 months from completion of the Sale, the Purchaser will, on the date falling 12 months from completion of the Sale, pay to MEN a cash sum of US\$2 million.
2. By way of further consideration, the approximately US\$13 million intercompany debt and interest owed by PPSA to MEN shall be procured by the Purchaser to be repaid by PPSA subject to, and as may be permitted by, Argentinian law and as may be able to be paid subject to cash flow requirements of PPSA and third-party financial debt to which such loan is subordinated. As the debt will no longer be

owed intercompany, it will after the Sale be recognised as a form of receivable in MEN's accounts contrary to the present position where it does not feature in the Group balance sheet.

3. Subject as in paragraph 1 above, over the period of a maximum of 5 years from completion of the Sale, the Purchaser will pay to MEN a sum equivalent to 20 per cent. of net free cash flow of PPSA each year after taking into account capital and operating expenditure, debt conditions and servicing, reasonable working capital requirements and repayment of the intercompany debt and subject to PPSA being able to pay from time to time net dividends out of the country and to the Purchaser.

Providing always that the total consideration as above shall be limited to the aggregate sum of US\$40 million.

### **Authorities**

The Resolutions numbered 2 and 3 relate to the authority of the Directors to issue Ordinary Shares including on a non-pre-emptive basis.

Taking into account the current relatively small market capital of the Company and Company's initiatives recently announced as of today, it is considered that increasing the relevant authorities to:

- an amount representing 50 per cent of the aggregate issued share capital in respect of the general authority of the Directors to allot Ordinary Shares; and
- an amount representing 30 per cent of the aggregate issued share capital in respect of the general authority of the Directors to allot Ordinary Shares for cash on a non-pre-emptive basis,

will allow the Company to have more flexibility in expanding its businesses.

### **Related Party Transactions**

Peter Levine is a Director and substantial shareholder in the Company. The Purchaser is a company ultimately beneficially owned by Peter Levine. Accordingly, the Sale represents a related party transaction pursuant to Rule 13 of the AIM Rules for Companies.

The Independent Directors comprising all the Directors of the Company other than Peter Levine, having consulted finnCap Ltd, the Company's Nominated Adviser, consider that the terms of the Sale are fair and reasonable insofar as the Company's shareholders are concerned.

### **GENERAL MEETING AND ACTION TO BE TAKEN**

You will find set out at the end of this document a notice convening a general meeting to be held at The RAG Army & Navy Club, 36 Pall Mall, London, SW1Y 5JN, on 21 September 2023 at 3.00 p.m. The following resolutions ("Resolutions") have been proposed as ordinary resolutions and as to 3 as a special resolutions:

1. to approve the Sale; and
- 2/3. to extend Directors authorities to allot shares on a pre-emptive and non-pre-emptive basis

### **RECOMMENDATION**

The independent Directors (being all of the Directors other than Peter Levine) consider that each of the Resolutions are in the best interests of the Shareholders as a whole. Accordingly, the independent Directors unanimously recommend Shareholders to vote in favour of each of the Resolutions at the General Meeting, as the independent Directors intend to do so in respect of their own beneficial share holdings.

# MOLECULAR ENERGIES PLC

*Incorporated and Registered in England and Wales under the Companies Act 1985 with company number: 05104249*

## NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Molecular Energies PLC (the “**Company**”) will be held at The RAG Army & Navy Club, 36 Pall Mall, London, SW1Y 5JN, at 3pm on 21 September 2023 for the purpose of considering and, if thought fit, passing the following resolutions of which resolutions numbered 1 and 2 which will be proposed as ordinary resolutions and resolution numbered 3, which will be proposed as a special resolution.

1. THAT, the sale of the entire issued share capital of President Energy Holding UK Limited to PLLG Investments Limited (“the Sale”), details of which are set out in the Circular be and are hereby approved and the Directors of the Company be authorised to take all such steps that they consider necessary or desirable to effect the Sale.
2. THAT, authority be and is hereby granted to the Directors of the Company generally and unconditionally to allot shares in the capital of the Company or to grant rights to subscribe for or convert any security into shares in the capital of the Company (“**Rights**”) pursuant to Section 551 of the Companies Act 2006 (the “**Act**”) up to an aggregate nominal amount of £51,826.87 (such amount equating to 50 per cent, of the aggregate nominal value of the issued ordinary share capital of the Company as at the date hereof) provided that this authority shall expire at the conclusion of the annual general meeting of the Company to be held in 2024, save that the Company may make an offer or agreement before the expiry of this authority which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights pursuant thereto as if the authority conferred hereby had not expired, such authority to be in substitution for any existing authorities conferred on the Directors pursuant to Section 551 of the Act.
3. THAT subject to the passing of Resolution 2 and with effect from the date hereof, the Directors be and they are hereby generally empowered pursuant to section 570 of the Act to allot equity securities (as defined in Section 560 of the Act) pursuant to the authority conferred by resolution 2 above as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be in substitution for any previous powers conferred on the Directors pursuant to Section 570 of the Act and shall be limited to:
  - a. allotments made in connection with offers of equity securities to the holders of ordinary shares in proportion (as nearly as may be) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of any overseas territory or the requirements of any recognised regulatory body or any stock exchange in any territory;
  - b. the allotment (otherwise than pursuant to sub-paragraph a. above) of further equity securities up to an aggregate nominal amount of £31,096.12 (such amount equating to 30 per cent, of the aggregate nominal value of the issued ordinary share capital of the Company as at the date hereof) provided that this authority shall expire at the conclusion of the annual general meeting of the Company to be held in 2024, save that the Company may make an offer or agreement before the expiry of this power which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant thereto as if the authority conferred hereby had not expired.

*By order of the Board*

**Peter Levine**  
*Secretary*

5 September 2023

*Registered Office*

Carrwood Park  
Selby Road,  
Leeds, LS15 4LG

## Notes

### Entitlement to attend, speak and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), the Company has specified that only those members entered on the register of members at 6.30 p.m. on 19 September 2023 (or in the event that this meeting is adjourned, on the register of members 48 hours excluding non-business days before the time of any adjourned meeting) shall be entitled to attend, speak and vote at the meeting in respect of the number of ordinary shares in the capital of the Company held in their name at that time. Changes to the register after 6.30 p.m. on 19 September 2023 shall be disregarded in determining the rights of any person to attend, speak and vote at the meeting.

### Appointment of proxies

2. Members are entitled to appoint a proxy or proxies to exercise all or any of their rights to attend, speak and vote at the meeting. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Please see the instructions on the enclosed Form of Proxy.
3. The completion and return of a Form of Proxy whether in hard copy form or in CREST will not preclude a member from attending in person at the meeting and voting should he or she wish to do so.

### Appointment of proxies using hardcopy proxy form

4. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you) in the boxes indicated on the form. Please also indicate if the proxy instruction is one of multiple instructions being given. To appoint more than one proxy please see the instructions on the enclosed Form of Proxy. All forms must be signed and should be returned together in the same envelope.
5. To be valid, the Form of Proxy and the power of attorney or other authority (if any) under which it is signed or a certified copy of such power or authority must be lodged at the offices of the Company's registrars, Freepost RTHJ-CLLL-KBKU, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 8LU by hand, or sent by post, so as to be received not less than 48 hours excluding non-business days before the time fixed for the holding of the meeting or any adjournment thereof (as the case may be).

### Appointment of proxies using CREST

6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available from [www.euroclear.com](http://www.euroclear.com)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
7. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (Equiniti Limited RA19) by 3.00 p.m. on 19 September 2023. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

### Corporate representatives

10. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

