

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, or other financial adviser authorised under the Financial Services and Markets Act 2000.**

If you have sold or otherwise transferred all your Ordinary Shares, please send this document, together with the accompanying documents, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

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**PROSPEX OIL AND GAS PLC**

*(incorporated and registered in England and Wales under company registration number 03896382)*

**NOTICE OF GENERAL MEETING**

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Notice of the General Meeting of the Company to be held at the offices of Peterhouse Corporate Finance Ltd, 3rd Floor, New Liverpool House, 15 Eldon Street, London, EC2M 7LD at 9a.m. on 11<sup>th</sup> May 2016 is set out at the end of this document.

A Form of Proxy for use at the General Meeting is enclosed. To be valid, the Form of Proxy must be completed, signed and returned in accordance with the instructions printed on it to the Company's registrars, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but in any event so as to arrive no later than 9 a.m. on 9<sup>th</sup> May 2016. Completion of a Form of Proxy will not preclude a Shareholder from attending and voting at the General Meeting.

## DEFINITIONS

The following definitions apply through this document unless the context requires otherwise.

<b>"2006 Act"</b>	the Companies Act 2006, as amended consolidated or re-enacted from time to time
<b>" General Meeting" or "GM"</b>	the general meeting of the Company convened for 11 <sup>th</sup> May 2016 pursuant to the Notice of GM
<b>"Board" or "Directors"</b>	the directors of the Company as at the date of this document
<b>"Company"</b>	Prospex Oil and Gas PLC
<b>"Circular"</b>	This document dated 18th April 2016;
<b>"Form of Proxy"</b>	the form of proxy accompanying this document for use in connection with the Annual General Meeting
<b>"Notice of GM"</b>	the notice of General Meeting which is set out at the end of this document
<b>"Ordinary Shares"</b>	ordinary shares of 1 pence each in the capital of the Company
<b>"Resolutions"</b>	the resolutions set out in the Notice of GM
<b>"Shareholders"</b>	holders of Ordinary Shares

## PROSPEX OIL AND GAS PLC

*(incorporated and registered in England and Wales under company registration number 03896382)*

*Directors:*

Gavin Burnell  
Edward Dawson  
Richard Mays  
Bill Smith

*Registered office:*

Stonebridge House  
Chelmsford Road  
Hatfield Heath  
Essex  
CM22 7BD

18<sup>th</sup> April 2016

*To all Shareholders*

### **Notice of General Meeting**

Dear Shareholder

I am pleased to be writing to you with details of a General Meeting which we are holding at the offices of Peterhouse Corporate Finance Ltd, 3rd Floor, New Liverpool House, 15 Eldon Street, London, EC2M 7LD at 9 a.m. on 11<sup>th</sup> May 2016. The formal Notice of GM is set out at the end of this document.

If you would like to vote on the Resolutions but cannot come to the General Meeting, you can appoint a proxy to exercise all or any of your rights to attend, vote and speak at the General Meeting by using one of the methods set out in the notes to the Notice of GM. Appointing a proxy will not prevent you from attending and voting in person at the General Meeting.

The purpose of this letter is to explain certain elements of the business to be considered at the meeting. Resolutions 1 and 2 will be proposed as ordinary resolutions. Resolution 3 will be proposed as a special resolution.

Explanations:

### **RESOLUTION 1 – TO REAPPROVE AND MAKE AN AMENDMENT TO THE INVESTING POLICY**

As a result of discussion with the AIM Team of the London Stock Exchange via the Company's NOMAD the Company seeks re-approval by the shareholders of the Investing Policy that was adopted by the Company on 14 April 2015 (the "**2015 Policy**") with this sentence appended at the end of the 2015 Policy final sentence:

"The Company will undertake an acquisition or acquisitions within the natural resources and/or energy sector, which constitutes a reverse takeover under AIM Rule 14 of the AIM Rules for Companies within 12 months of the date of the general meeting".

If the resolution is passed, the entire reapproved and amended investment policy will read:

*“The Company's proposed new Investing Policy is to invest in and/or acquire companies and/or projects within the natural resources and/or energy sector with potential for growth and/or income. The Company may also directly apply for new exploration licences or invest in existing licences. It is anticipated that the geographical focus will primarily be Europe, however, investments may also be considered in other regions to the extent that the Directors consider that valuable opportunities exist and returns can be achieved.*

*In selecting investment opportunities, the Directors will focus on businesses, assets and/or projects that are available at attractive valuations and hold opportunities to unlock embedded value. Where appropriate, the Directors may seek to invest in businesses where it may influence the business at a board level, add their expertise to the management of the business, and utilise their significant industry relationships and access to finance; as such investments are likely to be actively managed.*

*The Company's interests in a proposed investment and/or acquisition may range from a minority position to full ownership and may comprise one investment or multiple investments. The proposed investments may be in either quoted or unquoted companies; be made by direct applications, acquisitions or farm-ins; and may be in companies, partnerships, earn-in joint ventures, debt or other loan structures or direct or indirect interests in assets, projects or licences. The Directors may focus on investments where intrinsic value can be achieved from the restructuring of investments or merger of complementary businesses.*

*The Directors expect that investments will typically be held for the medium to long term, although short term disposal of assets cannot be ruled out if there is an opportunity to generate an attractive return for Shareholders. The Directors will place no minimum or maximum limit on the length of time that any investment may be held.*

*There is no limit on the number of projects into which the Company may invest, and the Company's financial resources may be invested in a number of propositions or in just one investment, which may be deemed to be a reverse takeover under the AIM Rules. The Directors intend to mitigate risk by appropriate due diligence and transaction analysis. Any transaction constituting a reverse takeover under the AIM Rules will also require Shareholders' approval. The Directors consider that as investments are made, and new promising investment opportunities arise, further funding of the Company may also be required.*

*Where the Company builds a portfolio of related assets it is possible that there may be cross holdings between such assets. The Company does not currently intend to fund any investments with debt or other borrowings but may do so if appropriate. Investments in early stage assets are expected to be mainly in the form of equity, with debt potentially being raised later to fund the development of such assets. Investments in later stage assets are more likely to include an element of debt to equity gearing. The Directors may also offer new Ordinary Shares by way of consideration as well as cash, thereby helping to preserve the Company's cash for working capital and as a reserve against unforeseen contingencies including, for example, delays in collecting accounts receivable, unexpected changes in the economic environment and operational problems.*

*The Directors will conduct initial due diligence appraisals of potential business or projects and, where they believe further investigation is warranted, intend to appoint appropriately qualified persons to assist. The Directors believe they have a broad range of contacts through which they are aware of various opportunities which may prove suitable, although at this point only preliminary due diligence has been undertaken. The Directors believe their expertise will enable them to determine quickly which opportunities could be viable and so progress quickly to formal due diligence. The Company will not have a separate investment manager. The Company proposes to carry out a comprehensive and thorough project review process in which all material aspects of a potential project or business will be subject to rigorous due diligence, as appropriate. Due to the nature of the sector in which the Company is focused it is unlikely that cash returns will be made in the short to medium term; rather the Company expects a focus on capital returns over the medium to long term*

*The Company will undertake an acquisition or acquisitions within the natural resources and/or energy sector, which constitutes a reverse takeover under AIM Rule 14 of the AIM Rules for Companies within 12 months of the date of the general meeting”*

This is the proposed Investment Policy.

## **RESOLUTION 2 – ALLOTMENT OF SHARE CAPITAL**

At the last General Meeting of the Company held on 14 July 2016, the Directors were given authority to allot Ordinary Shares up to a maximum nominal amount of £1,000,000 representing approximately 250 per cent of the Company's then issued ordinary share capital.

Your Board considers it appropriate that as an oil and gas exploration investing company, being a capital intensive sector, a further authority be granted to allot ordinary shares in the capital of the Company up to a maximum nominal amount of three million pounds (£3,000,000) representing an authority to allot approximately 750 per cent of the Company's issued ordinary share capital as at 15<sup>th</sup> April 2016 (the latest practicable date before publication of this letter) during the period of five years following the passing of this Resolution.

As at the date of this letter the Company does not hold any Ordinary Shares in the capital of the Company in treasury.

## **RESOLUTION 3 – DISAPPLICATION OF STATUTORY PRE-EMPTION RIGHTS**

Resolution 3 will empower the Directors to allot Ordinary Shares for cash on a non-pre-emptive basis up to a maximum nominal value of three million pounds (£3,000,000), representing an authority to allot approximately 750 per cent of the issued ordinary share capital of the Company as at 15<sup>th</sup> April 2016 (the latest practicable date before publication of this letter).

## **RECOMMENDATION**

The Board considers the Resolutions are likely to promote the success of the Company and are in the best interests of the Company and its Shareholders as a whole. The Directors unanimously recommend that you vote in favour of the Resolutions as they intend to do in respect of their own beneficial holdings which amount in aggregate to 5,410,162 Ordinary Shares representing approximately 13.3% per cent of the existing issued Ordinary Share capital of the Company.

Yours sincerely

**BILL SMITH**

*Chairman*

## PROSPEX OIL AND GAS PLC

### NOTICE OF GENERAL MEETING

Notice is hereby given that the general meeting of Prospex Oil and Gas PLC

(the "**Company**") will be held at the offices of Peterhouse Corporate Finance Ltd, 3rd Floor, New Liverpool House, 15 Eldon Street, London, EC2M 7LD at 9 a.m. on 11<sup>th</sup> May 2016 for the following purposes. Resolutions 1 and 2 will be proposed as ordinary resolutions and resolution 3 will be proposed as a special resolution:

#### ORDINARY RESOLUTIONS

1. That the shareholders reapprove the Company's Investment Policy with the amendment as set out in the Circular.
2. That the directors be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "**2006 Act**") in substitution for all existing authorities to exercise all the powers of the Company to allot shares and to make offers or agreements to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (together "**Relevant Securities**") up to an aggregate nominal amount of £3,000,000, provided that this authority shall expire after the period of five years after the passing of this resolution, except that the Company may before such expiry make an offer or agreement which would or might require Relevant Securities or equity securities as the case may be to be allotted after such expiry and the directors may allot Relevant Securities or equity securities in pursuance of any such offer or agreement as if the authority in question had not expired.

#### SPECIAL RESOLUTION

3. That the directors be and are empowered, in accordance with section 570 and 573 of the 2006 Act, to allot equity securities (as defined in section 560(1) of the 2006 Act) for cash pursuant to the authority conferred by Resolution number 2 or by way of a sale of treasury shares as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £3,000,000, and shall expire upon the expiry of the general authority conferred by Resolution 2 above, except that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred by this resolution had not expired.

By order of the Board

Bill Smith  
*Chairman*  
18<sup>th</sup> April 2016

*Registered Office*  
Stonebridge House  
Chelmsford Road  
Hatfield Heath  
Essex CM22 7BD

**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to exercise all or any of his rights to attend, speak and vote at the meeting. A member can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by the member. A proxy need not be a member of the Company.
2. A form of proxy is enclosed with this notice and instructions are shown on the form. To be valid, completed proxies must be received (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of attorney) by the Company's registrar, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 48 hours before the time for holding the meeting excluding any day that is not a business day. Depositing a completed form of proxy will not preclude a member from attending the meeting and voting in person.
3. Your proxy could be the Chairman, another director of the Company or another person who has agreed to attend to represent you. Your proxy will vote as you instruct and must attend the meeting for your vote to be counted. Details of how to appoint the Chairman or another person as your proxy using the proxy form are set out in the notes to the proxy form. Appointing a proxy does not preclude you from attending the meeting and voting in person. If you attend the meeting in person, your proxy appointment will automatically be terminated.
4. To change your proxy instructions you may return a new proxy appointment using the hard copy proxy form. Please contact the Company's registrar, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU to request a new hard copy proxy form. The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others.
5. The Company specifies, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, that only those shareholders registered in the register of members of the Company as at 6 p.m. on 9th May 2016 (or, if the meeting is adjourned, at 6 p.m. on the date which is two days prior to the adjourned meeting) shall be entitled to attend and vote at the meeting or adjourned meeting in respect of the number of shares registered in their respective names at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
6. As at 15<sup>th</sup> April 2016 (being the latest practicable day before the publication of this Notice), the Company's issued share capital consisted of 40,731,291 ordinary shares carrying one vote each. Therefore the total voting rights in the Company are 40,731,291.

