

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the contents of this Document, or as to the action you should take, you should immediately consult an independent professional adviser who specialises in the acquisition of shares and other securities and who is authorised pursuant to the Financial Services and Markets Act 2000, as amended ("FSMA") if you are resident in the United Kingdom or, if not, another appropriately authorised independent financial adviser. The whole text of this Document should be read.**

If you have sold or otherwise transferred all of your Ordinary Shares in Prospex Oil and Gas plc you should deliver this document together with the enclosed Form of Proxy, 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 onward transmission to the purchaser or transferee. However, this document and any accompanying documents should not be sent or transmitted in, or into, any jurisdiction where to do so might constitute a violation of local securities law or regulations. If you have sold or otherwise transferred only part of your holding of your Ordinary Shares, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

Application has been made for all of the Ordinary Shares, issued and to be issued pursuant to the Placing, to be admitted to trading on AIM. It is expected that Admission will become effective and that trading in the New Ordinary Shares will commence on AIM on 21 February 2017. **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 UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.**

This Document does not comprise an approved prospectus for the purposes of FSMA and the prospectus rules issued by the FCA and a copy of it has not been and will not be delivered to the FCA or delivered to or approved by any other authority which could be a competent authority for the purposes of the Prospectus Directive.

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## **Prospex Oil and Gas PLC**

(Incorporated in England and Wales with Registered number 03896382)

### **Share Capital Reorganisation Placing of New Ordinary Shares and Notice of General Meeting**

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**Your attention is drawn to the letter from the Chairman of Prospex Oil and Gas Plc set out on pages 9 to 12 of this Circular, which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below. The General Meeting has been convened by the Directors for the purpose of considering the Proposals set out in this Circular.**

Notice of a General Meeting of Prospex Oil and Gas Plc, to be held at the offices of Charles Russell Speechlys LLP, 5 Fleet Place, London, EC4M 7RD at 9.30 a.m. on 20 February 2017 is set out at the end of this Circular. The enclosed Form of Proxy should, to be valid, be completed and returned in accordance with the instructions printed on it to so as to be received no later than at 9.30 a.m. on 16 February 2017 or 2 business days before any adjourned meeting. Completion and return of the Form of Proxy will not preclude a Shareholder from attending in person and voting at the General Meeting.

**The New Ordinary Shares have not been, nor will be, registered under the US Securities Act of 1933 (as amended) or under the securities laws of any state of the United States or qualify for distribution under any of the relevant securities laws of USA, Canada, Australia, South Africa and Japan. Shareholders outside the UK and any person (including, without limitation, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this document to a jurisdiction outside the UK should seek appropriate advice before taking any action.**

Strand Hanson Limited is regulated by the Financial Conduct Authority and is acting exclusively for the Company and for no one else in connection with the Proposals and will not be responsible to anyone other than the Company for providing the protections afforded to its customers or for advising any person on the contents of this Document or the Proposals. The responsibility of Strand Hanson Limited as Nominated Adviser to the Company is owed solely to the London Stock Exchange. No representation or warranty, express or implied, is made by Strand Hanson Limited as to the contents of this Document (without limiting the statutory rights of any person to whom this Document is issued). No liability whatsoever is accepted by Strand Hanson Limited for the accuracy of any information or opinions contained in this document or for the omission of any material information for which it is not responsible.

Beaufort Securities Limited is authorised and regulated in the United Kingdom by the Financial Conduct Authority, and, is acting, as broker to the Company and is acting for the Company and no one else in connection with the Proposals and will not be responsible to anyone other than the Company for providing the protections afforded to its customers or for advising any person on the content of the document or the Proposals. Beaufort Securities Limited

does not accept any liability whatsoever for the accuracy of opinions contained in this Circular (or for the omission of any material information) and is not responsible for the contents of this Circular.

This document contains (or may contain) certain forward looking statements with respect to the Company, its Group and certain of its current goals and expectations relating to its future financial condition and performance and which involve a number of risks and uncertainties. The Company cautions readers that no forward looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward looking statements. These forward looking statements sometimes use words such as “aim”, “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “goal”, “believe”, or other words of similar meaning. By their nature, forward looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, economic and business conditions, the effects of continued volatility in credit markets, market-related risks such as changes in interest rates and foreign exchange rates, the policies and actions of governmental and regulatory authorities, changes in legislation, the further development of standards and interpretations under International Financial Reporting Standards (“IFRS”) applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, the outcome of pending and future litigation or regulatory investigations, the success of future acquisitions and other strategic transactions and the impact of competition. A number of these factors are beyond the Company’s control. As a result, the Company’s actual future results may differ materially from the plans, goals and expectations set forth in the Company’s forward looking statements. Any forward looking statements made in this document by or on behalf of the Company speak only as at the date they are made. Except as required by the FCA, the London Stock Exchange or applicable law, the Company, Beaufort Securities Limited, Strand Hanson Limited their respective directors, officers, employees, agents, managers, members and partners expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this document to reflect any changes in the Company’s expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

Copies of this Circular will be available free of charge from the Company’s registered office, on the website of the Company [www.prospexoilandgas.com](http://www.prospexoilandgas.com) and from Stonebridge House, Chelmsford Road, Hatfield Heath, Essex, CM22 7BD during normal business hours for a period of one month.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

**2017**

Publication of this Document	3 February
Latest time and date for receipt of Forms of Proxy in respect of the General Meeting	9.30 a.m. on 16 February
General Meeting	9.30 a.m. on 20 February
Last time and date of trading in Existing Ordinary Shares	4.30 p.m. 20 February
Record Time and Date for Subdivision	6.00 p.m. on 20 February
Commencement of trading in the New Ordinary Shares, including the Placing Shares	8.00 a.m. on 21 February
CREST stock accounts credited with the Placing Shares and New Ordinary Shares in uncertificated form	On or around 21 February
Despatch of share certificates for Placing Shares in certificated form by no later than	On or around 27 February

### Notes

References to times in this Document are to London time unless otherwise stated.

If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement on an RIS (and posted on the Company's website).

All events in the above timetable following the General Meeting are conditional upon approval by the Shareholders of the Resolutions.

## SHARE CAPITAL STATISTICS

Existing Ordinary Shares in issue as at the date of the Document	285,785,836
Deferred Shares in issue as at the date of this Document	942,462,000
'A' Deferred Shares in issue as at the date of this Document	54,477
Par value of Ordinary Shares	£0.01
New Ordinary Shares in issue following Share Capital Reorganisation	285,785,836
New Deferred Shares to be created in Share Capital Reorganisation	285,785,836
Par value of New Ordinary Shares	£0.001
Par value of New Deferred Shares	£0.009
New Ordinary Shares to be issued on completion of the Placing	170,000,000
Enlarged Issued Share Capital	455,785,836
Placing Shares as a percentage of the Enlarged Issued Share Capital	37.3%
Placing Price	0.5 pence
Gross proceeds of the Placing	£850,000
Estimated net proceeds of the Placing	£760,000

## DEFINITIONS

The following definitions apply throughout this Circular unless the context requires otherwise:

“Admission”	the New Ordinary Shares to be admitted to AIM which is expected to occur on 21 February 2017;
“AIM”	the market of that name operated by the London Stock Exchange;
“AIM Rules”	the AIM Rules for Companies whose securities are admitted to trading on AIM, as published by the London Stock Exchange from time to time;
“Beaufort”	Beaufort Securities Limited, a company incorporated in England and Wales with company number 02693942;
“Board” or “Directors”	the current directors of the Company at the date of this Document whose names are set out on page 8 of this Document;
“Circular” or “Document”	this document dated 3 February 2017;
“Company” or “Prospex”	Prospex Oil and Gas plc, a company registered in England and Wales with registered number 03896382;
“Enlarged Issued Share Capital”	the New Ordinary Shares (including the Placing Shares) in issue immediately following the issue of Placing Shares as approved in the General Meeting;
“Existing Deferred Shares”	the existing 942,462,000 Deferred shares of £0.01 each and the existing 54,477 A Deferred shares of £24.00 each;
“Existing Options”	all options previously issued by the Company from time to time;
“Existing Ordinary Shares”	Ordinary Shares of £0.01 each in the capital of the Company;
“Existing Shareholders”	holders of Ordinary Shares at the Record Date;
“FCA”	the Financial Conduct Authority;
“Form of Proxy”	the form of proxy accompanying the Circular for use at the General Meeting;
“General Meeting”	the General Meeting of Shareholders to be held at 9.30 a.m. on 20 February 2017 at the offices of Charles Russell Speechlys LLP, 5 Fleet Place, London, EC4M 7RD;
“London Stock Exchange”	the London Stock Exchange Group PLC;
“New Deferred Shares”	the 285,785,836 B Deferred Shares of £0.009 each created as part of the Share Capital Reorganisation;
“New Ordinary Shares”	ordinary shares of £0.001 each in the capital of the Company, following the Share Capital Reorganisation;
“Ordinary Shares”	ordinary shares in the capital of the Company, from time to time;

“Placing”	the conditional placing of the Placing Shares at the Placing Price;
“Placing Price”	0.5 pence per New Ordinary Share;
“Placing Shares”	the 170,000,000 New Ordinary Shares to be issued by the Company pursuant to the Placing;
“Proposals”	the proposals set out in this Circular, whereby Shareholders are being asked to consider and, if thought fit, approve namely, (i) the Share Capital Reorganisation (ii) the authority to allot New Ordinary Shares (iii) the dis-application of pre-emption rights and (iv) the amendment of the existing articles of association of the Company;
“Record Time and Date”	6.00 p.m. on 20 February 2017, being the date of the General Meeting;
“Resolutions”	the resolutions set out in the notice of General Meeting contained within the Circular;
“Shareholders”	holders of Ordinary Shares in the Company from time to time;
“Share Capital Reorganisation”	the share reorganisation as described in this Circular;
“Sterling” or “£”	the lawful currency of the UK;
“Strand Hanson”	Strand Hanson Limited, the Company’s Nominated Adviser;
“Subdivision”	the subdivision as part of the Share Capital Reorganisation as described on page 10 of this Circular;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“US” or “United States”	the United States of America, its territories and possessions, any states of the United States of America and the District of Columbia and all other areas subject to its jurisdiction; and
“Warrants”	Warrants representing 8,500,000 New Ordinary Shares exercisable at £0.0125 for a period of two years after Admission, to be granted to Beaufort.

## Directors, Secretary and Advisers

<b>Directors</b>	Edward Dawson ( <i>Chief Executive Officer</i> ) William "Bill" Smith ( <i>Non-Executive Chairman</i> ) Richard Mays ( <i>Non-Executive Director</i> ) James Smith ( <i>Non-Executive Director</i> )
<b>Company Secretary</b>	Gerald Desler FCA
<b>Registered Office</b>	Stonebridge House Chelmsford Road Hatfield Heath Essex CM22 7BD
<b>Nominated and Financial Adviser</b>	Strand Hanson Limited 26 Mount Row Mayfair London W1K 3SQ
<b>Joint Broker</b>	Beaufort Securities Limited 63 St Mary Axe London EC3A 8AA
<b>Joint Broker</b>	Peterhouse Corporate Finance Limited New Liverpool House 15 Eldon St London EC2M 7LD
<b>Lawyers to the Company</b>	Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD
<b>Registrar</b>	Capita Registrars Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
<b>Company's website</b>	<a href="http://www.prospexoilandgas.com">www.prospexoilandgas.com</a>



# PROSPEX OIL AND GAS PLC

(Incorporated in England and Wales with Registered number 03896382)

Directors:

William ("Bill") Smith (*Non-Executive Chairman*)  
Edward Dawson (*Chief Executive Officer*)  
Richard Mays (*Non-Executive Director*)  
James Smith (*Non-Executive Director*)

Registered Office:

Stonebridge House  
Chelmsford Road  
Hatfield Heath  
Essex CM22 7BD

3 February 2017

To Shareholders (and for information only to holders of Existing Options)

## **Share Capital Reorganisation Placing of New Ordinary Shares and Notice of General Meeting**

### **Introduction**

On 2 February 2017, the Board of the Company announced that:

1. it proposed the Company's share capital be re-organised; and
2. the Company had conditionally raised £850,000 (before expenses) through the issue of 170,000,000 New Ordinary Shares at the Placing Price.

(together the "**Proposals**").

Accordingly the Company has today issued this shareholder circular convening a general meeting at 9.30 a.m. on 20 February 2017 at the offices of Charles Russell Speechlys LLP, 5 Fleet Place, London, EC4M 7RD, to approve the necessary Resolutions to enact Proposals. This Circular sets out the background to and the reasons for the Proposals. It also explains why the Directors consider these proposals to be in the best interests of the Company and Shareholders as a whole and why they recommend that Shareholders should vote in favour of the Resolutions to be proposed at the General Meeting.

**Please note that unless Resolution 1 is passed, the Proposals outlined in this Document will not proceed.**

### **Background to and reasons for the Proposals**

The Company has decided to undertake the Placing in order to assist the Company's on-going evaluation of a number of potential projects, in line with its strategy to build a portfolio of investments in the European oil and gas sector. The Subdivision is required in order for the Placing to proceed.

### **Share Capital Reorganisation**

The Share Capital Reorganisation will be achieved through the subdivision of each Existing Ordinary Share of £0.01 into one New Ordinary Share of £0.001 and one New Deferred Share of £0.009.

The Existing Ordinary Shares have a current nominal value of £0.01 per share. The Company is not able to raise funds via a new issue of Existing Ordinary Shares at present as the current trading price of the Existing Ordinary Shares (with a closing price of 0.73 pence per Existing Ordinary Share on 1 February 2017, being the latest practicable date before publication of this Circular) is lower than the nominal value of £0.01. The Company is therefore proposing to undertake the Share Capital Reorganisation so that it can raise further equity capital via the Placing at the Placing Price.

The Share Capital Reorganisation will take place as follows:

- each Existing Ordinary Share of £0.01 will be subdivided into one New Ordinary Share of £0.001 and one New Deferred Share of £0.009.

The number of Ordinary Shares in issue will not change as a result of the Share Capital Reorganisation and the number of shares held by Shareholders and their relative holding in the Company will not change, save as diluted by the issue of the Placing Shares. Holders of Existing Options will be unaffected by the Proposals.

The table below gives some examples of the effect of the Share Capital Reorganisation on specific shareholdings of Existing Ordinary Shares:

<b>Number of Existing Ordinary Shares</b>	<b>New Ordinary Shares issued</b>	<b>New Deferred Shares Issued</b>
9,999	9,999	9,999
10,000	10,000	10,000
50,000	50,000	50,000

The New Deferred Shares created by the Share Capital Reorganisation will be effectively valueless as they will not carry any voting rights or dividend rights. In addition, holders of New Deferred Shares will only be entitled to a payment on a return of capital or on a winding up of the Company after each of the holders of New Ordinary Shares have received a payment of £100,000 on each such share. The New Deferred Shares will not be listed or traded on AIM and no share certificates will be issued in respect of the New Deferred Shares. In addition, the Board may appoint any person to act on behalf of all the holders of the New Deferred Shares to procure the transfer of all such shares back to the Company, or its nominee, or cancel the New Deferred Shares. The New Deferred Shares in this respect will have the same rights as the Existing Deferred Shares in the Company.

The rights attaching to the New Ordinary Shares will be identical in all respects to those of the Existing Ordinary Shares, save for the change in nominal value.

### **The Placing**

Conditional upon the approval of the Subdivision at the General Meeting, Beaufort has placed 170,000,000 new Ordinary Shares at a price of 0.5 pence raising £850,000 before expenses.

Under the terms of the Engagement Letter between the Company and Beaufort dated 26 January 2017, Beaufort will receive a commission on funds raised through the Placing and will be issued the Warrants.

### **Use of Proceeds**

The proceeds of the Placing will provide the Company with working capital to assist the Company's on-going evaluation of a number of potential projects in line with the Company's investment policy as most recently amended 11 May 2016 (which can be found at <http://www.prospexoilandgas.com/docs/PXOG%20Investment%20Policy%20May%202016.pdf>), as part of its strategy to build a portfolio of investments in the European oil and gas sector.

### **Dis-application of pre-emption rights and authority to allot shares**

The Company will be utilising its existing authorities as granted by the Shareholders at the 2016 Annual General Meeting in order to allot and issue the Placing Shares.

However, the directors are also asking Shareholders at the General Meeting to grant new authorities to allot New Ordinary Shares and disapply pre-emption rights.

This will allow the Directors to raise further funds for the Company following the General Meeting, without having to call another general meeting should the Board determine this to be correct course of action. The Board has, at present, no definite plans to issue further New Ordinary Shares.

Full details of the authorities the Directors are seeking at the General Meeting are set out in the attached notice of General Meeting.

### **Share certificates**

No new share certificates are being issued in respect of New Ordinary Shares held in certificated form. Shareholders should retain their existing share certificates which will continue to be valid.

### **General Meeting**

There is attached to this Document the notice convening a General Meeting of the Company to be held at 9.30 a.m. on 20 February 2017 at the offices of Charles Russell Speechlys LLP, 5 Fleet Place, London, EC4M 7RD at which the Resolutions will be proposed to, *inter alia*, to approve the Share Capital Reorganisation and to give the Directors authority to issue the New Ordinary Shares. A summary of the Resolutions is set out below. Please note that unless Resolution 1 is passed the Placing as outlined in this Document will not proceed.

At the General Meeting, the following Resolutions will be proposed, of which resolutions 1 and 2 will be proposed as ordinary resolutions and resolutions 3 and 4 will be proposed as special resolutions:

Resolution 1 seeks to subdivide the Existing Ordinary Shares so that every Ordinary Share will be subdivided into 1 New Ordinary Share of £0.001 each and 1 New Deferred Share of £0.009.

Resolution 2 will give the Directors authority to allot shares in the capital of the Company up to an aggregate nominal value of £1,000,000, which represents 219% of the Enlarged Issued Share Capital.

Resolution 3 which is conditional upon Resolution 2 being passed will empower the Directors to allot equity securities for cash on a non-pre-emptive basis up to an aggregate nominal amount of £1,000,000, which represents 219% of the Enlarged Issued Share Capital.

Resolution 4, seeks to amend the existing articles of association of the Company by inserting the rights of the New Deferred Share class.

The authorities sought by Resolutions 2 and 3 will be in addition to any remaining amounts of the authorities relating to the allotment of shares in the capital of the Company obtained at the annual general meeting of the Company held on 14 July 2016. Assuming Resolutions 2 and 3 are passed, and taking into account remaining authorities, the Company will have the ability to allot equity securities on a non-pre-emptive basis over 232 per cent. of the Enlarged Issued Share Capital.

**Please note that unless Resolution 1 is passed the Proposals outlined in this Document will not proceed.**

### **Admission to Trading on AIM**

Application will be made for the 285,785,836 New Ordinary Shares being created as a result of the Share Capital Reorganisation and the 170,000,000 Placing Shares being issued (conditional on approval of Resolution 1) as a result of the Placing, to be admitted to AIM and admission is expected to occur on 21 February 2017 ("**Admission**").

On Admission the Company will have in issue a total of 455,785,836 New Ordinary Shares.

### **Action to be taken**

Shareholders will find a Form of Proxy enclosed for use at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible. To be valid, completed Forms of Proxy must be received by the Company, not later than 9.30 a.m. on 16 February 2017, being 2 business days before the time appointed for holding the General Meeting. You are entitled to appoint a proxy to attend and to exercise all or any of your rights to vote and to speak at the General Meeting instead of you. Completion of the Form of Proxy will not preclude you from attending and voting at the General Meeting in person if you so wish. Your attention is drawn to the notes to the Form of Proxy.

## **Recommendation**

**The Directors consider the Proposals to be in the best interests of the Company and the Shareholders as a whole. The Directors therefore unanimously recommend that you vote in favour of the Resolutions as they will be doing in respect of their entire holding of, in aggregate, 14,590,162 Existing Ordinary shares representing 5.1% of the current issued share capital of the Company.**

Yours faithfully,

Bill Smith  
For and on behalf of the Board  
Prospex Oil and Gas Plc

**PROSPEX OIL AND GAS PLC**  
(Registered in England and Wales No 03896382)  
**Notice of General Meeting**

Notice is hereby given that the general meeting of Prospex Oil and Gas Plc will be held at 9.30 a.m. on 20 February 2017 at the offices of Charles Russell Speechlys LLP, 5 Fleet Place, London EC4M 7RD for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as an ordinary resolution in the case of resolutions 1 and 2 and a special resolution in the case of resolutions 3 and 4:

**ORDINARY RESOLUTIONS**

1. THAT subject to and conditional on the admission of the New Ordinary Shares (as defined below) to trading on AIM becoming effective each Ordinary Share of £0.01 in the capital of the Company will be subdivided into one new ordinary share of £0.001 ("**New Ordinary Share**") and one new B deferred share of £0.009 in the capital of the Company ("**New Deferred Share**") and that the New Ordinary Shares shall have the same rights and be subject to the same restrictions as the Ordinary Shares that are currently in issue and as set out in the Articles of Association ("**Articles**") and that the New Deferred Shares shall have the same rights and be subject to the same restrictions as the Existing Deferred Shares in the capital of the Company, as set out in the Articles;

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 addition to any 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 £1,000,000, provided that this authority shall expire after the period of one year 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 RESOLUTIONS**

3. THAT the directors be and are empowered, in accordance with section 570 and 573 of the 2006 Act, in addition to any existing authorities 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 £1,000,000, 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; and

4. THAT the Articles be amended by replacing existing article 3.1 with the following:

*"The share capital of the Company is divided into Ordinary Shares of £0.001, Deferred Shares of £0.01, A Deferred Shares of £24.00 and B Deferred Shares of £0.009 with the A Deferred Shares and B Deferred Shares having the same rights and subject to the same restrictions as the Deferred Shares as set out in Article 3. Except as specified in these Articles the Ordinary Shares and all of the classes of Deferred Shares will rank equally but will constitute separate classes of share".*

By Order of the Board

Bill Smith

Director

3 February 2017

**Registered Office**

Stonebridge House, Chelmsford Road, Hatfield  
Heath, Essex, CM22 7BD

Registered in England and Wales No 03896382

## 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, on 0871 664 0300. Calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales.
5. 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.
6. 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 close of business on 16 February 2017 (or, if the meeting is adjourned, at close of business 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.
7. As at 1 February 2017 (being the latest practicable day before the publication of this Notice), the Company's issued share capital consisted of 285,785,836 ordinary shares carrying one vote each. The Company holds no shares in treasury, therefore the total voting rights in the Company are 285,785,836.
8. Copies of the following documents will be available for inspection at the Company's registered office during normal working hours on any week day (Saturdays, Sundays and public holidays excepted) from the date of this notice until the date of the general meeting and at the place of the general meeting for 15 minutes prior to and during the meeting:
  - (a) copies of the service agreements under which the executive directors are employed by the Company; and
  - (b) copies of the letters of appointment of the non-executive directors.

**PROSPEX OIL AND GAS PLC**

(the "Company")

**FORM OF PROXY FOR GENERAL MEETING**

I/We .....

of .....

.....

being [a] member[s] of the Company appoint the chairman of the meeting (see **note 5** below) OR

..... (INSERT NAME/ADDRESS)

in respect of the following number of shares: ALL OR .....

INSERT NUMBER

as my/our proxy to vote for me/us on my/our behalf at the General Meeting of the Company to be held at the offices of Charles Russell Speechlys LLP, 5 Fleet Place, London, EC4M 7RD on 20<sup>th</sup> February 2017 at 9.30 a.m. and at any adjournment of the meeting, on the following resolutions as indicated by an 'X' in the appropriate box, and on any other resolutions as he thinks fit.

Please tick here if this proxy appointment is one of multiple appointments being made. For the appointment of more than one proxy, please refer to **note 5** below.

<b>Business</b>		<b>For</b>	<b>Against</b>	<b>Vote Withheld</b>	<b>Discretionary</b>
<b>Ordinary Resolutions</b>					
Resolution 1	Subdivision of Ordinary Shares				
Resolution 2	Directors' authority to allot shares up to an aggregate nominal amount of £1,000,000.				
<b>Special Resolutions</b>					
Resolution 3	Disapplication of pre-emption rights.				
Resolution 4	Amendment of existing articles of association				

Signature

Dated.....2016 .....

## Notes:

1. To be valid, completed forms must be received at the office of the Company's registrars, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by 9.30 a.m. on 16 February 2017. The form must be signed. If someone else signed the form on your behalf, you or that person must send the power of attorney or other written authority under which it is signed to the address overleaf.
2. A corporation must execute this form either under its common seal or under the hand of an officer or attorney duly authorised in writing. Corporate representatives must make themselves known to the Company prior to the start of the meeting.
3. This form enables you to instruct your proxy how to vote on a show of hands or in the event of a poll on the resolutions to be proposed at the meeting. If you want your proxy to vote in a certain way on the resolutions specified please place an 'X' in the relevant boxes. If you select 'discretionary' or fail to select any of the given options your proxy can vote as he or she chooses or can decide not to vote at all. The proxy can also do this on any other resolution that is put to the meeting. The 'vote withheld' option is provided to enable you to abstain on any particular resolution; however it should be noted that a 'vote withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
4. Every holder has the right to appoint some other person(s) of their choice, who need not be a shareholder, as their proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting, provided each proxy is appointed to exercise rights in respect of different shares. The appointment of the chairman as proxy has been included for convenience. If you wish to appoint any other person (or persons) as proxy (or proxies) delete the words "the chairman of the meeting" and add the name and address of the proxy (or proxies) appointed. If you do not delete such words and you appoint a different proxy (or proxies), the chairman shall not be entitled to vote as proxy. Any alteration must be initialled. If your proxy is being appointed in relation to less than your full voting entitlement, the number of shares in respect of which each such proxy is to vote must be specified in the space provided. In the absence of any specific direction, a proxy shall be deemed to be entitled to vote in respect of all the shares in the relevant holding.
5. To appoint more than one proxy, additional proxy forms may be obtained by contacting the Company's registrar or you may photocopy this form. The number of shares in respect of which each such proxy is to vote must be specified on the relevant form. The total number of shares in respect of which you appoint proxies must not exceed the total number of shares held by you and any discrepancy may lead to one or all of your proxy appointments being invalid.
6. In the case of joint holders, the signature of any one holder will be sufficient but the names of all the joint holders should be stated and the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority will be determined by the order in which the names stand in the register of members in respect of the shares.



7. Returning the form of proxy will not prevent you from attending the meeting and voting in person. If you attend the meeting in person, your proxy appointment will be automatically terminated.
8. As permitted by Regulation 41 of the Uncertificated Securities Regulations 2001, only holders of ordinary shares entered on the register of members of the Company at close of business on 16 February 2017 (or, if the meeting is adjourned, at close of business on the date which is two days prior to the adjourned meeting) shall be entitled to attend and vote at the meeting or such adjournment thereof.