

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.

PROSPEX OIL AND GAS PLC

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

NOTICE OF ANNUAL GENERAL MEETING

Notice of the Annual 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 9 a.m. on 14th July 2016 is set out at the end of this document.

A Form of Proxy for use at the Annual 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 12th July 2016. Completion of a Form of Proxy will not preclude a Shareholder from attending and voting at the Annual General Meeting.

DEFINITIONS

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

"2006 Act"	the Companies Act 2006, as amended consolidated or re-enacted from time to time
"Annual General Meeting" or "AGM"	the annual general meeting of the Company convened for 14 th July 2016 pursuant to the Notice of AGM
"Board" or "Directors"	the directors of the Company as at the date of this document
"Company"	Prospex Oil and Gas PLC
"Form of Proxy"	the form of proxy accompanying this document for use in connection with the Annual General Meeting
"Notice of AGM"	the notice of Annual General Meeting which is set out at the end of this document
"Ordinary Shares"	ordinary shares of 1 pence each in the capital of the Company
"Resolutions"	the resolutions set out in the Notice of AGM
"Shareholders"	holders of Ordinary Shares

PROSPEX OIL AND GAS PLC

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

Directors:

Edward Dawson
Richard Mays
Bill Smith

Registered office:

Stonebridge House
Chelmsford Road
Hatfield Heath
Essex
CM22 7BD

16th June 2016

To all Shareholders

Notice of Annual General Meeting 2014

Dear Shareholder

I am pleased to be writing to you with details of our Annual 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 14th July 2016. The formal Notice of AGM is set out at the end of this document.

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

The purpose of this letter is to explain certain elements of the business to be considered at the meeting. Resolutions 1 to 4 (inclusive) will be proposed as ordinary resolutions. Resolution 5 will be proposed as a special resolution.

RESOLUTION 1 – TO RECEIVE THE ANNUAL REPORT AND ACCOUNTS

The meeting's Chairman will present the Annual Report and Accounts for the year ended 31 December 2015 to the meeting. A copy of the annual report and accounts is either enclosed with this document or is available on the Company's website.

RESOLUTIONS 2 AND 3 – RE-APPOINTMENT OF AUDITORS

Resolution 2 relates to the re-appointment of Adler Shine LLP as the Company's auditors to hold office until the next Annual General Meeting and Resolution 3 authorises the Directors to set their remuneration.

RESOLUTION 4 – ALLOTMENT OF SHARE CAPITAL

At the last General Meeting of the Company held on 11 May 2016, the Directors were given authority to allot Ordinary Shares up to a maximum nominal amount of £3,000,000 representing approximately 7500 per cent of the Company's then issued ordinary share capital.

Your Board considers it appropriate that a further similar 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 140 per cent of the Company's issued ordinary share capital as at 14th June 2016 (the latest practicable date before publication of this letter) during the period of one year following the passing of this Resolution.

The Board continues to believe that the Company's work in the last 12 months and improving sector sentiment should give rise to a number of exciting opportunities in the short to medium term if sufficient funds can be identified.

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

RESOLUTION 5 – DISAPPLICATION OF STATUTORY PRE-EMPTION RIGHTS

Resolution 5 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 140 per cent of the issued ordinary share capital of the Company as at 14th June 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 14,590,162 Ordinary Shares representing approximately 6.8% per cent of the existing issued Ordinary Share capital of the Company.

Yours sincerely

BILL SMITH

Chairman

PROSPEX OIL AND GAS PLC

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual 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. 14th July 2016 at for the following purposes. Resolutions 1 to 4 inclusive will be proposed as ordinary resolutions and resolution 5 will be proposed as a special resolution:

ORDINARY RESOLUTIONS

1. To receive and adopt the Company's annual accounts for the year ended 31 December 2014, together with the directors' report and the auditors' report on those accounts.
2. To re-appoint Adler Shine LLP as auditors to the Company to hold office from the conclusion of the meeting until the conclusion of the next annual general meeting at which accounts are laid before the Company.
3. To authorise the directors to set the auditors' remuneration.
4. 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 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 RESOLUTION

5. 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 4 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 4 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
16th July 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, 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 12th July 2016 (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 14th July 2016 (being the latest practicable day before the publication of this Notice), the Company's issued share capital consisted of 215,331,291 ordinary shares carrying one vote each. Therefore the total voting rights in the Company are 215,331,291.
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 annual general meeting and at the place of the annual 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.