

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 in Prospex Oil and Gas plc, 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 Charles Russell Speechlys LLP, 5 Fleet Place, London, EC4M 7RD at 9.30 a.m. on 1 June 2017 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, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen B63 3DA as soon as possible but in any event so as to arrive no later than 9.30 a.m. on 30 May 2017. 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
"AIM Rules"	AIM Rules for Companies, as published by the London Stock Exchange
"Annual General Meeting" or "AGM"	the annual general meeting of the Company convened for 1 June 2017 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 0.1 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
James Smith

Registered office:

Stonebridge House
Chelmsford Road
Hatfield Heath
Essex
CM22 7BD

3 May 2017

To all Shareholders

Notice of Annual General Meeting 2017

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 Charles Russell Speechlys LLP, 5 Fleet Place, London, EC4M 7RD at 9.30 a.m. on 1 June 2017. 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 document is to explain certain elements of the business to be considered at the meeting. Resolutions 1 to 5 (inclusive) will be proposed as ordinary resolutions. Resolution 6 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 2016 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 AND REMUNERATION 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 General Meeting of the Company held on 20 February 2017, the Directors were given authority to allot Ordinary Shares up to a maximum nominal amount of £1,000,000 representing approximately 350 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 £1,000,000 representing an authority to allot approximately 219 per cent of the Company's issued ordinary share capital as at 2 May 2017 (being the latest practicable date before publication of this document) for a 2 year period from 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 document the Company does not hold any Ordinary Shares in the capital of the Company in treasury.

RESOLUTION 5 TO MAKE AN AMENDMENT TO THE INVESTING POLICY

Background to and reasons for the Proposals

At the General Meeting of the Company held on 11 May 2016, Shareholders agreed to re-approve the investing policy of the Company, with an amendment, namely the addition of a new paragraph stating that the Company would undertake an acquisition or acquisitions within the natural resources and/or energy sector, which would likely constitute a reverse takeover under AIM Rule 14 of the AIM Rules for Companies, within 12 months of the date of that 11 May 2016 General Meeting ('the 2016 Amendment').

On 28 March 2017, the Company made the following announcement.

"The directors of the Company ("Directors") are currently evaluating a number of projects that would add to the Company's investment portfolio. As presently perceived those most advanced would not constitute a reverse takeover under AIM Rule 14 and as such, a transaction cannot be completed by 11 May 2017. Therefore to provide clarity a resolution will be put to shareholders at a GM proposing the removal of the 2016 Amendment and therefore reverting, if the resolution is passed, to the policy adopted on 14 April 2015. The Company had been deemed to have fulfilled its investment policy in April 2016 and the amendments have not or will not alter that..."

Resolution 5 fulfils that commitment to put a clarifying resolution to shareholders.

Consequences of the Proposals

If the investing policy is not approved by Shareholders then, in accordance with the AIM Rules, Prospex would be expected to propose further amendments to its investing policy and seek Shareholder approval for those amendments, as soon as possible. A resolving action such as the return of funds to Shareholders would also be considered if consent is again not obtained.

The proposed amended Investing Policy

The Company's 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. 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.

Existing final Paragraph of the Investing Policy that is proposed is removed:

“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”.

Directors Experience in Relation to the Investing Policy

The directors of Prospex, and their experience, are as follows:

Edward Roland Dawson, CEO & Managing Director (aged 42)

Edward holds a BEng and a MSc in Investment Analysis and has over 15 years' experience in the sector, as a financier of, investor in or holding senior management roles in junior oil and gas companies. Positions held include: Managing Director of Peppercoast Petroleum plc and Managing Director of Black Star Petroleum plc, Analyst on RAB Capital's Energy fund, Business Development and Finance Manager for Oilexco Incorporated and a Fund Manager for Park Place Capital. Edward's experiences are broad but he brings in depth knowledge of the capital markets, valuations and industry deal making.

Richard Paul Mays, Non-Executive Director (aged 55)

Richard holds LLB, LLM, PhD degrees and is a Solicitor in Scotland. Formerly Professor and Depute Dean of the Aberdeen Business School he has extensive industry, commercial and legal experience. He is VP and General Counsel at Canadian Overseas Petroleum Limited a TSX and FTSE listed company. He has leadership and senior management experience of other London Stock Exchange listed companies (formerly at DEO Petroleum plc and at Oilexco North Sea Limited). He has also served as Executive Chairman of Peppercoast Petroleum plc and Black Star Petroleum plc. Richard's experiences are broad but he brings in depth knowledge of the industry deal making, government relations and corporate governance.

William ("Bill") Hartman Smith, Non-Executive Director (aged 64)

Bill is a Canadian solicitor with 40 years of experience in corporate finance and is a director of a number of listed and private companies including: Orca Exploration Group (TSXV); Mosaic Capital Corporation (TSXV); and PFB Corporation (TSX). He was a senior partner of McCarthy Tetrault LLP in Canada and was subsequently Executive Vice President of two listed international oil companies and a listed investment firm. He has extensive experience including a number of start-up ventures in the oil and gas sector and brings an international perspective to the board. Bill's experiences are broad but he brings in depth knowledge of investment selection, corporate governance and deal closing.

James Smith, Non-Executive Director (aged 49)

James holds a MSc in Petroleum Geology and has over 25 years' experience in the oil and gas sector. Having started his career as a petroleum geophysicist with Chevron UK in 1988, he became Vice President of Exploration for PanOcean Energy ('PanOcean') and in this capacity was instrumental in building the value of PanOcean from US\$20m to its eventual sale to Addax Petroleum for US\$1.4 billion in 2006. He has extensive experience in exploration, appraisal and development, with proven success in finding oil, delivering positive, high impact results and ultimately building value.

RESOLUTION 6 – DISAPPLICATION OF STATUTORY PRE-EMPTION RIGHTS

Resolution 6 will empower the Directors to allot Ordinary Shares for cash on a non-pre-emptive basis up to a maximum nominal value of £1,000,000, representing an authority to allot approximately 219 per cent of the issued ordinary share capital of the Company as at 2 May 2017 (the latest practicable date before publication of this document).

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 3.2% per cent of the existing issued Ordinary Share capital of the Company.

ELECTRONIC COMMUNICATIONS

Also enclosed with this document is a letter requesting the ability for the Company to send or supply documents and information to you via a website and/or in electronic form. Increased use of electronic communications will deliver significant savings to the Company in terms of administration, printing and postage costs, as well as speeding up the provision of information to Shareholders. The reduced use of paper will also have environmental benefits.

If you do not respond to the notice within 28 days of its date then you will be deemed to have agreed that instead of being sent hard copy documents, you will instead be informed when certain documents and information are available on the Company's website. However, if you would prefer to receive documents and information in hard copy form rather than via the website, you will need to let us know by completing the reply slip at the end of the letter

Please note that if you agree to the Company sending or supplying the documents or information to you via the website, you need take no further action in relation to the letter. You may also elect to have documents sent to you directly via email and if you wish to take up this option please send back a copy of the letter with your email address.

Yours sincerely

BILL SMITH
Chairman

PROSPEX OIL AND GAS PLC

(Registered in England and Wales with company registration number 03896382)

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 Charles Russell Speechlys LLP, 5 Fleet Place, London, EC4M 7RD at 9.30 a.m. on 1 June 2017 for purpose of considering and, if thought fit, passing Resolutions 1 to 5 as ordinary resolutions and Resolution 6 as a special resolution:

ORDINARY RESOLUTIONS

1. To receive and adopt the Company's annual accounts for the year ended 31 December 2016, 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 £1,000,000, provided that this authority shall expire 2 years from the date of passing the 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.
5. That the Shareholders reapprove the Company's Investment Policy with the amendment as set out in the Circular.

SPECIAL RESOLUTION

6. 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 £1,000,000, 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
3 May 2017

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, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen B63 3DA, 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, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen B63 3DA 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 30th May 2017 (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. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares
7. As at 2 May 2017 (being the latest practicable day before the publication of this Notice), the Company's issued share capital consisted of 455,785,836 ordinary shares carrying one vote each. Therefore the total voting rights in the Company are 455,785,836. The Company holds no shares in treasury.
8. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if:
 - (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - (b) the answer has already been given on a website in the form of an answer to a question; or
 - (c) it is undesirable in the interests of the company or the good order of the meeting that the question be answered.