

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and what action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser being in the case of persons resident in Ireland, an organisation or firm authorised under the European Communities (Markets In Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended) or the Investment Intermediaries Act 1995 (as amended) and, in the case of persons resident in the United Kingdom, an organisation or firm authorised pursuant to the Financial Services and Markets Act 2000 of the United Kingdom (“FSMA”) and, if you are not so resident, from another appropriately authorised independent financial adviser.

If you sell or have sold or otherwise transferred all of your Ordinary Shares, please immediately forward this document, together with the enclosed Form of Proxy, 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. If you have sold only part of your holding of Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The Existing Issued Share Capital is admitted to trading on AIM and ESM. Application has been made to the London Stock Exchange and to the Irish Stock Exchange for the First Tranche Shares to be admitted to trading on AIM and ESM and it is expected that such admission will occur on 22 October 2010. Conditional on the passing of Resolution 1 at the Extraordinary General Meeting, application will be made to the London Stock Exchange and the Irish Stock Exchange for the Second Tranche Shares to be admitted to trading on AIM and ESM and it is expected that such admission will occur on or around 16 November 2010.

AIM and ESM are markets 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 and ESM securities are not admitted to the Official Lists of the UK Listing Authority and Irish Stock Exchange. 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.

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

PetroNeft Resources plc

(Incorporated in Ireland with limited liability under the Companies Acts, 1963 to 2005 with registration number 408101)

Placing of 63,125,000 Ordinary Shares at €0.43 (€0.49) per share and Notice of Extraordinary General Meeting

SHARE CAPITAL IMMEDIATELY FOLLOWING THE PLACING

Authorised		Issued and fully paid	
Amount	Number	Amount	Number
€6,000,000	600,000,000	€4,137,127.11	413,712,711

Davy, which is regulated in Ireland by the Central Bank of Ireland, is acting as ESM adviser and nominated adviser (pursuant to the ESM Rules and AIM Rules respectively) and Joint-broker to the Company. Davy is acting exclusively for the Company in connection with arrangements described in this document and is not acting for any other person and will not be responsible to any person for providing the protections afforded to customers of Davy or for advising any other person in connection with the arrangements described in this document.

Canaccord Genuity, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as Joint-broker to the Company. Canaccord Genuity is acting exclusively for the Company in connection with arrangements described in this document and is not acting for any other person and will not be responsible to any person for providing the protections afforded to customers of Canaccord Genuity or for advising any other person in connection with the arrangements described in this document.

Renaissance Securities (Cyprus) Limited, which is authorised and regulated by Cyprus Securities and Exchange Commission (Licence No: KEPEY 053/04), is acting as Joint-broker to the Company. Renaissance Securities (Cyprus) Limited is acting exclusively for the Company in connection with arrangements described in this document and is not acting for any other person and will not be responsible to any person for providing the protections afforded to customers of Renaissance Securities (Cyprus) Limited or for advising any other person in connection with the arrangements described in this document. The obligations of the Joint-brokers to the Company are several (and not joint or joint and several).

This document is not a prospectus and does not contain an offer to the public to purchase or subscribe for securities within the meaning of the Prospectus (Directive 2003/71/EC) Regulations, 2005 of Ireland or the Prospectus Regulations, 2005 of the United Kingdom. This document has not been approved by the UK Listing Authority or the Central Bank of Ireland. This document does not constitute a prospectus and a copy of it has not and will not be delivered to the Registrar of Companies in Ireland or in England and Wales.

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company, which is set out on pages 4 to 7 of this document and which recommends that you vote in favour of the Resolutions. Notice of an extraordinary general meeting of PetroNeft Resources plc, to be held at the Herbert Park Hotel, Ballsbridge, Dublin 4, Ireland at 11.00 a.m. on 15 November 2010, is set out at the end of this document. To be valid, the Form of Proxy must be completed in accordance with the instructions printed thereon and should be returned as soon as possible and, in any event, so as to be received by Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandymount Industrial Estate, Dublin 18, Ireland no later than 11.00 a.m. on 13 November 2010, being 48 hours before the time appointed for the holding of the meeting. Alternatively, you may appoint a proxy electronically by visiting the website of the Company’s Registrars at www.computershare.com/ie/voting/ptni and following the instructions provided. The appointment of a proxy will not preclude Shareholders from attending and voting at the Extraordinary General Meeting should they wish.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<i>Event</i>	<i>Time and Date*</i>
Announcement of the Placing.....	19 October 2010
Publication of Circular.....	22 October 2010
Latest time and date for receipt of the Form of Proxy, electronic proxy appointment notification or CREST Proxy Instructions	11.00 a.m. on 13 November 2010
Extraordinary General Meeting.....	11.00 a.m. on 15 November 2010
Admission and commencement of dealings in the Second Tranche Shares.....	16 November 2010
CREST accounts credited with the Second Tranche Shares	by 16 November 2010
Despatch of definitive share certificates for Second Tranche Shares.....	by 16 November 2010

* Each of the times and dates in the table above is indicative only and may be adjusted by the Company, in which event details of the new times and dates will be notified, by way of an announcement issued via a Regulatory Information Service, to the Irish Stock Exchange and to the London Stock Exchange. References to times in this Circular are to Dublin times unless otherwise stated.

PLACING STATISTICS

Placing Price	£0.43
Number of Existing Issued Shares at the Latest Practicable Date	350,587,711
Number of First Tranche Shares being placed on behalf of the Company	34,395,050
Number of Second Tranche Shares being placed on behalf of the Company	28,729,950
Number of Enlarged Issued Shares following the Placing ⁽¹⁾	413,712,711
Gross proceeds of the Placing receivable by the Company	US\$43 million
Number of Placing Shares as a percentage of the Existing Issued Share Capital	18.01 per cent

Notes:

- (1) For the purpose of this calculation it is assumed that no further Ordinary Shares will be issued as a result of any Options under any share option schemes or otherwise between the Latest Practicable Date and completion of the Placing.

FORWARD LOOKING STATEMENTS

This document contains forward-looking statements. These statements relate to the Company's future prospects, developments and business strategies. Forward-looking statements are identified by their use of terms and phrases such as 'believe', 'could', 'envisage', 'potential', 'estimate', 'expect', 'may', 'will' or the negative of those, variations or comparable expressions, including references to assumptions.

The forward-looking statements in this document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. These forward-looking statements speak only as at the date of this document. No statement in this document is intended to constitute a profit forecast or profit estimate for any period.

Neither the Directors nor the Group undertake any obligation to update forward-looking statements or risk factors other than as required by the AIM Rules and the ESM Rules or by the rules of any other securities regulatory authority, whether as a result of new information, future events or otherwise.

LETTER FROM THE CHAIRMAN OF PETRONEFT

PetroNeft Resources plc

(Incorporated in Ireland with limited liability under the Companies Acts, 1963 to 2005 with registration number 408101)

Directors:

George David Golder*
Dennis Carl Francis
David Edward Sanders
Paul Dowling
Thomas Gerard Hickey*
Vakha Alviech Sobraliev*
Gerard Fagan*

* denotes non executive director

Registered Office:

Suite 3
One Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

22 October 2010

To the holders of Ordinary Shares and for information only, to holders of Options and Warrants

Dear Shareholder,

Notice of Extraordinary General Meeting and Placing of 63,125,000 Ordinary Shares at £0.43 per share

1. INTRODUCTION

The Company announced on 19 October 2010 that it proposes to raise approximately US\$43 million (before expenses) by way of a conditional placing of 63,125,000 new Ordinary Shares at a price of £0.43 per share. The Placing is being arranged by Davy, Canaccord Genuity and Renaissance Capital. The net proceeds of the Placing will be used to advance exploration activities at the Group's Licences 61 and 67 and fund acquisitions.

The Placing is being made in two tranches. The First Tranche of the Placing consists of a placing of 34,395,050 First Tranche Shares for cash at a price of £0.43 each, conditional only on admission of such Ordinary Shares to trading on AIM and ESM, which is expected to occur on 22 October 2010. The First Tranche Shares will be allotted pursuant to the existing authority granted to the Directors by Shareholders at the Company's annual general meeting held on 23 June 2010. This authority empowered the Directors to allot equity securities of the Company equal to 10 per cent. of the issued share capital of the Company from time to time without being required to offer those equity securities on a pre-emptive basis pursuant to section 23 of the Companies (Amendment) Act 1983.

The Second Tranche of the Placing consists of a conditional placing of 28,729,950 Second Tranche Shares for cash at a price of £0.43 each, conditional upon receiving shareholder approval of Resolution 1 at the Extraordinary General Meeting of the Company, on admission of such Ordinary shares to trading on AIM and ESM and the terms of the Placing Agreement between the Company and the Joint-brokers. Subject to the passing of Resolution 1, it is expected that admission will occur and that dealings in the Second Tranche Shares will commence on AIM and ESM on or around 16 November 2010.

Further information on the Placing, the intended use of the proceeds thereof and details of the Resolutions authorising the Directors to allot, *inter alia*, the Second Tranche Shares is set out below. Notice of the EGM, at which the Resolutions will be proposed and voted on, is set out on page 11 of this document.

2. OPERATIONAL UPDATE

(a) Production

In late August 2010, year-round oil production commenced from the Lineynoye oil field in Licence 61. The Company's field development programme was completed on time and substantially on budget. Field production has now reached around 2,000 barrels of oil per day ("bopd") from the seven wells currently producing. The four remaining wells should all be producing by early December 2010 when the Company expects to reach its year-end target of 4,000 bopd.

A programme of hydraulic fracture stimulation on up to nine wells will be completed by the end of the first quarter of 2011 in order to remove any damage caused by the drilling and completion process, achieve the maximum production levels and enhance longer term oil recovery.

Development is expected to continue in 2011 and beyond with 17 new production wells planned for 2011 and a similar programme in 2012. The Company is aiming to achieve a target production rate of 8,000 bopd by the end of 2011 and 12,000 bopd by the end of 2012. The development programme will be funded entirely from operating cashflows and the existing Macquarie debt facility.

(b) Exploration

Licence 61 (PetroNeft 100% interest and operator)

The Arbuzovskaya No. 1 well at the Arbuzovskaya (formerly Varyakhsкая) prospect located 10 kilometres east of the Lineynoye oil field was spudded on 10 October 2010. The current well depth is 626 metres where the conductor pipe has been set and cemented. Drilling is continuing and the reservoir objective should be reached and tested in early November.

There are three identified structures at Arbuzovskaya which contain approximately 30 million barrels of P3 potential reserves based on Ryder Scott's best estimate (P50). The No. 1 well is located at the largest of the three structures which contains approximately 16 million barrels of P3 potential reserves. The Arbuzovskaya prospects have been selected as a priority due to their close proximity to the Lineynoye oil field where the best quality oil reservoirs have been discovered to date and where the pipeline and field facilities are located allowing for a low cost and efficient tie in of wells.

In the first half of 2011, two more rigs will be mobilised in order to drill a delineation well at the Kondrashevskoye oil field and a high impact exploration well at the Sibkrayevskaya prospect. Kondrashevskoye has the potential for further upside above the 8 million barrels of 2P reserves currently identified at this field. Potential by-passed pay has been identified at Sibkrayevskaya which Ryder Scott estimates could contain reserves of up to 44 million barrels of oil.

Licence 67 (PetroNeft 50% interest and operator)

The first phase of work on Licence 67 involved a comprehensive study to re-evaluate vintage seismic and well data located on the licence and adjacent areas including the reprocessing and reinterpretation of 4,430 km of 2D seismic data and 21 vintage wells. All of the seismic data has now been reprocessed, correlation charts have been prepared and the wells have been tied to the seismic data. An initial depth map at the top of the primary Upper Jurassic J1 reservoir has also been prepared. The results of the well re-evaluation are very encouraging and indicate several zones of potential oil pay that were either not properly identified or not properly tested in the old wells.

Work to date has focussed on two potential development opportunities at Ledovoye and Cheremshanskaya. The Company calculates that just the primary objective Upper Jurassic J1 interval reserves for the two fields could be significant - Ledovoye C1+C2 of around 30 million bbls (PetroNeft net 15 million bbls) and at Cheremshanskaya C3 of around 60 million bbls (PetroNeft net 30 million bbls).

Following preliminary discussions with Ryder Scott, the Company believes it will be able to book some 2P reserves at Ledovoye at the end of 2010, but the Company will need to flow test the oil intervals in the Cheremshanskaya structure before it can recognise any 2P reserves there.

The Company plans to drill two exploration wells on Licence 67 in 2011, one at the Ledovoye oil field and one at the Cheremshanskaya prospect.

(c) **Exploration Programme**

The following table summarises the Company's Exploration Programme for 2010/2011 along with the targeted 2P reserve growth estimates:

<i>Well</i>	<i>Licence</i>	<i>Targeted 2P Net Reserves*</i>
Block 61 (Tungolsky)		
Arbuzovskaya No. 1 well ¹	L61	16
Kondrashevskaya No. 2 well ¹	L61	12
Sibkrayevskaya No. 373 well ¹	L61	44
Block 67 (Ledovy)		
Ledovoye Oil Field Seismic/well studies ²	L67	15
Ledovaya No. 11 well Cretaceous ²	L67	15
Cheremshanskaya No. 3 well ²	L67	30
Total		132

* Million bbls net

¹ Source: Ryder Scott Petroleum Consultants Report, as at 1 January 2010

² Source: Company estimates

3. CORPORATE DEVELOPMENT

The Company continues to actively examine a number of exciting potential acquisition opportunities in the Tomsk region and Russia in general. The net proceeds of the Placing will allow the Company to advance its corporate development activities.

4. USE OF PROCEEDS

The gross proceeds of the Placing of approximately US\$43 million, before expenses, will be applied to accelerate the Company's exploration programme on Blocks 61 and 67 and strengthen its reserve base through potential material P3 to 2P upgrades and to enable the Company to pursue identified business development opportunities.

5. DETAILS OF THE PLACING

The First Tranche comprises a placing of 34,395,050 Ordinary Shares with new and existing institutional investors for cash at a price of £0.43 per share, conditional only on Admission and the terms of the Placing Agreement between the Company and the Joint-brokers. These First Tranche Shares have been allotted pursuant to the existing pre-emption disapplication authority granted to the Directors by shareholders at the Company's annual general meeting held on 23 June 2010. It is expected that dealings in the First Tranche Shares will commence on AIM and ESM on 22 October 2010.

The allotment and issue of the Second Tranche Shares for cash at a price of £0.43 per share, is conditional upon the passing of Resolution 1 at the EGM, on Admission and the terms of the Placing Agreement between the Company and the Joint-brokers. Subject to receipt of Shareholder approval for Resolution 1, it is expected that dealings in the Second Tranche Shares will commence on AIM and ESM on 16 November 2010. The First Tranche Shares and the Second Tranche Shares will rank *pari passu* in all respects with the Existing Issued Share Capital with regard to dividend entitlements, interests and all other rights and obligations attaching to the Ordinary Shares.

6. EXTRAORDINARY GENERAL MEETING

An extraordinary general meeting has been convened to be held at the Herbert Park Hotel, Ballsbridge, Dublin 4, Ireland at 11.00 a.m. on 15 November 2010, at which the Resolutions will be proposed.

Resolution 1 will be proposed as a special resolution for the purposes of authorising the Directors to disapply statutory pre-emption rights in respect of the allotment and issue of the Second Tranche Shares.

Resolution 2 will be proposed as a special resolution for the purposes of authorising the Directors to disapply statutory pre-emption rights in respect of the allotment of equity securities (as defined by Section 23 of the Companies (Amendment) Act, 1983) up to a maximum aggregate nominal value of €413,713. This authority will expire on the earlier of the date of the next annual general meeting of the Company held after the EGM and at close of business on 23 September 2011.

For the purposes of section 24(5) of the 1983 Act, the Directors of the Company state that: (i) their reasons for recommending that Shareholders vote in favour of the Resolutions are as stated in this Circular; (ii) the amount to be paid to the Company in respect of the allotment of the Placing Shares pursuant to the Resolutions is stated in this Circular; and (iii) their justification of that amount is the completion of the Placing described in this Circular.

7. ACTION TO BE TAKEN

A Form of Proxy for use by Shareholders at the EGM is enclosed. Whether or not Shareholders intend to be present at the meeting, they are requested to complete and sign the Form of Proxy and return it to the Registrar so as to arrive no later than 48 hours before the fixed time for the EGM. Alternatively, you may appoint a proxy electronically by visiting the website of the Company's Registrars at www.computershare.com/ie/voting/ptni and following the instructions provided. The appointment of a proxy will not preclude Shareholders from attending the EGM and voting in person should they subsequently wish to do so.

8. RECOMMENDATION

The Directors consider the placing of the Second Tranche Shares and the further disapplication of statutory pre-emption rights to be in the best interests of the Company and its Shareholders as a whole and accordingly, unanimously recommend that all Shareholders vote in favour of the Resolutions to be proposed, as they have irrevocably committed to do so in respect of their own beneficial holding of 29,890,193 Ordinary Shares, representing approximately 8.53 per cent. of the Existing Issued Share Capital.

Yours faithfully,

MR DAVID GOLDER
Chairman

DEFINITIONS

The following definitions apply throughout this document, unless it is otherwise specifically provided:

“Act”	the Companies Act 1963 of Ireland;
“Acts” or the “Irish Companies Acts”	Companies Acts 1963 to 2009 of Ireland;
“Admission”	the admission of the First Tranche Shares or as the context requires the Second Tranche Shares to trading on AIM and ESM, becoming effective in accordance with the AIM Rules and ESM Rules respectively;
“AIM” or “AIM Market”	AIM, a market operated by the London Stock Exchange;
“AIM Rules”	the rules for AIM companies and their nominated advisers issued by the London Stock Exchange in relation to AIM traded securities;
“Articles of Association”	the articles of association of the Company, as amended from time to time;
“Board” or the “Directors”	the board of directors of the Company whose names are set out on page 4 of this document;
“Business Day”	a day on which dealings take place on the Irish Stock Exchange and on the London Stock Exchange;
“Canaccord Genuity”	Canaccord Genuity Limited and any other affiliates, or any of its subsidiary undertakings;
“Central Bank of Ireland”	the Central Bank of Ireland established pursuant to the Central Bank Acts 1942 to 2010;
“Circular”	this document;
“Company” or “PetroNeft”	PetroNeft Resources plc, an Irish registered company;
“CREST”	the computerised settlement system to facilitate paperless settlement of trades and the holding of shares in uncertificated form, operated by Euroclear UK & Ireland Limited;
“CREST Proxy Instruction”	the appropriate CREST message for a Shareholder holding Shares in CREST to appoint a proxy or proxies utilising the relevant procedures described in the CREST Manual;
“CREST Regulations”	the Companies Act 1990 (Uncertificated Securities) Regulations 1996 (S.I. 68 of 1996) of Ireland;
“Davy”	J&E Davy, trading as Davy; including its affiliate Davy Corporate Finance and any other affiliates, or any of its subsidiary undertakings;
“EGM” or “Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held on 15 November 2010 for the purpose of passing the Resolutions;
“Enlarged Issued Share Capital”	the Existing Issued Share Capital and the Placing Shares and “Enlarged Issued Shares” shall be construed accordingly;
“ESM” or “ESM Market”	the Enterprise Securities Market, a market regulated by the Irish Stock Exchange;

“ESM Rules”	the rules for ESM companies and their ESM advisers issued by the Irish Stock Exchange in relation to ESM traded securities;
“Existing Issued Share Capital”	the 350,587,711 Ordinary Shares in issue on the Latest Practicable Date and “Existing Issued Shares” shall be construed accordingly;
“First Tranche” or “First Tranche Shares”	34,395,050 new Ordinary Shares issued by the Company as part of the Placing pursuant to existing allotment authority, at a subscription price of £0.43 each;
“Form of Proxy”	the form of proxy for use at the EGM;
“FSMA”	Financial Services and Markets Act 2000 (UK);
“Group”	PetroNeft and each of its Subsidiaries;
“Ireland” or the “Republic of Ireland”	the island of Ireland excluding Northern Ireland, and the word “Irish” shall be construed accordingly;
“Irish Stock Exchange”	the Irish Stock Exchange Limited;
“Joint-brokers”	Davy, Canaccord Genuity and Renaissance and any of them;
“Latest Practicable Date”	21 October 2010, being the latest practicable date prior to the publication of this Circular;
“Licence 61”	the licence, in respect of which the Company holds a 100% interest and is the operator, which is described on page 5 of this Circular;
“Licence 67”	licence, in respect of which the Company holds a 50% interest and is the operator, which is described on page 5 of this Circular;
“London Stock Exchange”	London Stock Exchange plc;
“Notice of EGM” or “Notice”	the notice of EGM set out at the end of this Circular;
“Official List(s)”	the official list maintained by the UK Listing Authority and/or the official list maintained by the Irish Stock Exchange, as the context may require;
“Options”	options to subscribe for Ordinary Shares granted by the Company prior to the Latest Practicable Date;
“Ordinary Shares”	ordinary shares of €0.01 each in the capital of the Company;
“Placing”	the allotment and issue of the Placing Shares by the Company at a price of £0.43 per Placing Share;
“Placing Agreement”	the placing agreement in respect of the Placing dated 18 October 2010 between the Company and the Joint-brokers;
“Placing Share(s)”	the First Tranche Shares together with the Second Tranche Shares, being, in aggregate, 63,125,000 new Ordinary Shares, to be allotted and issued by the Company pursuant to the Placing;
“Registrar”	Computershare Investor Services (Ireland) Limited;
“Regulations”	the Prospectus Regulation 2005 (UK) and the Prospectus (Directive 2003/71/EC) Regulations, 2005;

“Renaissance”	Renaissance Capital and any other affiliates, or any of its subsidiary undertakings;
“Resolutions”	the resolutions as set out in the Notice of EGM to be proposed at the EGM;
“Resolution 1”	the first resolution as set out in the Notice of EGM to be proposed at the EGM;
“Resolution 2”	the second resolution as set out in the Notice of EGM to be proposed at the EGM;
“Ryder Scott”	Ryder Scott Company LP;
“Second Tranche” or Second Tranche Shares”	28,729,950 Ordinary Shares, to be issued at a subscription price of £0.43 each, conditional, inter alia, on the passing of Resolution 1;
“Shareholder(s)”	holder(s) of Ordinary Shares from time to time;
“Subsidiary”	has the meaning set out in section 155 of the Act;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“UKLA” or “UK Listing Authority”	the Financial Services Authority, acting in its capacity as the competent authority for the purposes of Part IV of the Financial Services and Markets Act, 2000;
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to the jurisdiction of the United States of America; and
“Warrants”	warrants to subscribe for Ordinary Shares, granted prior to the Latest Practicable Date.

Notes:

- (i) Unless otherwise stated in this document, all reference to statutes or other forms of legislation shall refer to statutes of legislation of Ireland. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.
- (ii) The symbols “€” and “c” refer to euro and euro cent respectively, the lawful currency of Ireland pursuant to the provisions of the Economic & Monetary Unit Act, 1998. The symbols “£” and “p” refer to British pounds and pence respectively.
- (iii) Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include the feminine or neuter gender.
- (iv) The exchange rates used in this document are as follows: STG 1.00: USD \$1.60, and EUR 1.00: STG 0.8776.

**NOTICE OF EXTRAORDINARY GENERAL MEETING
OF
PETRONEFT RESOURCES PLC (the “COMPANY”)**

(Incorporated in Ireland with limited liability under the Companies Acts, 1963 to 2005 with registration number 408101)



NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of PetroNeft Resources plc (the “**Company**”) will be held at the Herbert Park Hotel, Ballsbridge, Dublin 4, Ireland at 11.00 a.m. on 15 November 2010 to consider, and if thought fit, pass the following resolutions as special resolutions:

1. In addition, and without prejudice, to any existing powers of the Directors under Section 24 of the Companies (Amendment) Act 1983 (the “1983 Act”) and without prejudice to the exercise of any such power prior to the date hereof, the Directors be and are hereby empowered pursuant to Section 23 and Section 24(1) of the 1983 Act to allot equity securities within the meaning of the said Section 23 for cash pursuant to the existing authority of the Directors under Section 20 of the 1983 Act as if Section 23(1) of the 1983 Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities (within the meaning of Section 23 of the 1983 Act) pursuant to and in connection with the allotment of the Second Tranche Shares as described in the circular of the Company dated 22 October 2010 (the “Circular”) of which this Notice forms part.
2. In addition, and without prejudice, to any existing powers of the Directors under Section 24 of the Companies (Amendment) Act 1983 (the “1983 Act”) and without prejudice to the exercise of any such power prior to the date hereof and without prejudice to the authority conferred by Resolution 1 above, the Directors be and are hereby empowered pursuant to Section 23 and Section 24(1) of the 1983 Act to allot equity securities within the meaning of the said Section 23 for cash pursuant to the existing authority of the Directors under Section 20 of the 1983 Act as if Section 23(1) of the 1983 Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities (within the meaning of Section 23 of the 1983 Act) up to a maximum aggregate nominal value of €413,713 and shall, unless previously renewed, revoked or varied by special resolution of the Company in general meeting, expire on the earlier of the date of the next annual general meeting of the Company held after the date of the passing of this Resolution 2 and at the close of business (Dublin time) on 23 September 2011, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities (within in the meaning of Section 23 of the 1983 Act) to be allotted after such expiry, and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

By Order of the Board
David Sanders
Secretary

Dated: 22 October 2010

Registered Office:
Suite 3, One Earlsfort Centre,
Earlsfort Terrace,
Dublin 2,
Ireland.

Notes:

1. Any member entitled to attend, speak and vote at the Extraordinary General Meeting is entitled to appoint a proxy (who need not be a member of the company) to attend, speak and vote in his/her place. Completion of a form of proxy will not affect the right of a member to attend, speak and vote at the meeting in person. A Shareholder may appoint more than one proxy to attend and vote at the meeting provided each proxy is appointed to exercise rights attached to different shares held by that Shareholder. Should you wish to appoint more than one proxy, please read carefully the explanatory notes accompanying the Form of Proxy. A member may appoint a proxy or proxies electronically by logging on to the website of the registrars, Computershare Services (Ireland) Limited: www.computershare.com/ie/voting/ptni. Shareholders will be asked to enter the Shareholder Reference Number "SRN" and PIN Number as printed on your Form of Proxy and agree to certain conditions.
2. As a Shareholder, you have several ways to exercise your right to vote:
 - a) By attending the Extraordinary General Meeting in person.
 - b) By appointing (either electronically or by returning a completed Form of proxy) the Chairman or another person as a proxy to vote on your behalf.
 - c) By appointing a proxy via the CREST System if you hold your Ordinary Shares in CREST.
3. To be valid, forms of proxy duly signed together with the power of attorney or such other authority (if any) under which they are signed (or a certified copy of such power or authority) must be lodged with the Company's registrar, Computershare Services (Ireland) Limited, P.O. Box 954, Sandyford, Dublin 18 by not later than 11.00 a.m. on 13 November 2010. In the case of joint holders, 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 registered holder(s) and, for this purpose, seniority will be determined by the order in which names stand in the register of members.
4. The Company, pursuant to Regulation 14 of the Companies Act, 1990 (Uncertified Securities) Regulations, 1996, specifies that only those Shareholders registered in the register of members of the Company as at 6.00 p.m. on 13 November 2010 (or in the case of an adjournment as at close of business on the day which is two days before the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of Ordinary Shares registered in their names at the time. Changes to entries in the register after that time will be disregarded in determining the right of any person to attend and/or vote at the meeting.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with Euroclear (UK and Ireland) Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Computershare Services (Ireland) Limited (ID 3RA50) by 11.00 a.m. on 13 November 2010. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Computershare Services (Ireland) Limited is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear (UK and Ireland) Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the CREST Regulations.