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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.

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# PetroNeft Resources plc

*(Incorporated in Ireland with limited liability under the Companies Acts 2014 with registration number 408101)*

## Letter from the Chairman

and

## Notice of Requisitioned Extraordinary General Meeting

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**YOUR ATTENTION IS DRAWN TO THE LETTER FROM THE CHAIRMAN WHICH CONTAINS YOUR BOARD’S UNANIMOUS RECOMMENDATION THAT YOU VOTE AGAINST ALL OF THE EGM RESOLUTIONS**

**YOUR VOTE IS IMPORTANT.** Notice of a requisitioned EGM of the Company to be held at 11:00 AM at the Herbert Park Hotel, Ballsbridge, Dublin 4, Ireland on 18 April 2016 is set out at the end of this document. Whether or not you intend to be present at the requisitioned EGM, you will find enclosed a **Green Personalised Form of Proxy** for use at the requisitioned EGM that you are requested to complete. The **Green Personalised Form of Proxy**, to be valid, should be completed, signed and returned to Computershare in accordance with the instructions printed on it as soon as possible, and, in any event, so as to be received no later than 11:00 AM on 16 April 2016, being 48 hours before the time appointed for the holding of the meeting. The completion and return of a **Green Personalised Form of Proxy** will not preclude Shareholders from attending the requisitioned EGM and voting in person, should they wish to do so.

Alternatively, Shareholders may appoint a proxy electronically by visiting [www.eproxyappointment.com](http://www.eproxyappointment.com) and submitting their proxy details. They will be asked to enter a Control Number, a Shareholder Reference Number (SRN), a PIN and agree to certain terms and conditions. This information is contained on the front of the **Green Personalised Form of Proxy**. Additionally, for those who hold Shares in CREST, a Shareholder may appoint a proxy by completing and transmitting a CREST Proxy Instruction to CREST participant ID3RA50. In each case the proxy appointment must be received by no later than 11:00 AM on 16 April 2016. The completion and return of either an electronic proxy appointment notification or a CREST Proxy Instruction (as the case may be) will not prevent the Shareholder from attending and voting in person at the EGM or any adjournment thereof, should the Shareholder wish to do so.

The date of this document is 18 March 2016. Copies of this document will be available free of charge during normal business hours on any week day (except Saturdays, Sundays and public holidays) at the offices of PetroNeft from the date of this document until the conclusion of the requisitioned EGM. This document is also available from the Company’s website ([www.petroneft.com](http://www.petroneft.com)).

Davy, which is regulated in Ireland by the Central Bank of Ireland, 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.

## DIRECTORS, COMPANY SECRETARY AND ADVISERS

<b>Directors</b>	George David Golder (Non-Executive Chairman) Dennis Carl Francis (Chief Executive Officer) David Edward Sanders (Executive Director) Paul Dowling (Chief Financial Officer) Thomas Gerard Hickey (Non-Executive Director) Gerard Fagan (Non-Executive Director)
<b>Company Secretary</b>	David Edward Sanders
<b>Registered Office</b>	20 Holles Street Dublin 2 Ireland
<b>Nominated Adviser, ESM Adviser and Joint Broker</b>	Davy Davy House 49 Dawson Street Dublin 2 Ireland
<b>Joint Broker</b>	Canaccord Genuity Limited 88 Wood Street London, EC2V 7QR United Kingdom
<b>Irish legal advisers</b>	Eversheds One Earlsfort Centre Earlsfort Terrace Dublin 2 Ireland
<b>UK legal advisers</b>	White & Case LLP 5 Old Broad Street London EC2N 1DW United Kingdom
<b>Auditors</b>	Ernst & Young Ernst & Young Building Harcourt Centre Harcourt Street Ireland
<b>Petroleum Consultant</b>	Ryder Scott Company 621 Seventeenth Street, Suite 1550 Denver, Colorado, 80293 USA
<b>Registrar and Receiving Agent</b>	Computershare Investor Services (Ireland) Limited Heron House Corrig Road Sandyford Industrial Estate Dublin 18 Ireland

## KEY INFORMATION

For the second time in two years Natlata is seeking to replace a majority of the Board with their own nominees.

### **In the view of the Board:**

- A single shareholder, Natlata has proposed the Ordinary Resolutions as a means by which it can seek control of the Board and therefore the Company without paying Shareholders a fair price for obtaining control of the Company.
- Natlata has provided insufficient disclosure regarding its plans and proposed strategy for the Company, including in relation to proposed funding, and key long term Executive management.
- The passing of the Natlata resolutions would cause material risks for PetroNeft and its Shareholders and in particular could lead to the:
  - o Loss of operatorship of Licence 61
  - o Loss of key funding to be made available by Oil India for the development of Licence 61
  - o Loss of good corporate governance required of a company traded on UK and Irish public markets given the record of certain of Natlata's proposed Board members
  - o Loss of representation on the Board for the independent majority of Shareholders' interests
  - o Real risk that the Company's strategy will be changed or related party transactions may be undertaken that could be to the detriment of independent majority of Shareholders
  - o Real risk that the new Board could seek to cancel the admission to trading of the Ordinary Shares contrary to the interests of independent majority of Shareholders.

Should the EGM Resolutions be passed there can be no guarantee that PetroNeft would continue to be suitable for trading on the AIM Market of the London Stock Exchange and the ESM Market of the Irish Stock Exchange. Persons associated with Natlata, including two of the proposed Directors, have recently been involved in the shareholding or management of two public companies that have been delisted.

**Your Board believes that the EGM Resolutions are NOT in the best interests of the Company and Shareholders as a whole and is unanimously recommending that you vote AGAINST ALL of the EGM Resolutions.**

PetroNeft has met with representatives of Natlata on several occasions since the EGM proposal was made with a view to reaching an arrangement that is in the interests of PetroNeft and its Shareholders as a whole. To date a compromise has not been reached but the Board of PetroNeft remains open to continuing these discussions.

## TIMETABLE

Date of issue of this document	18 March 2016
Latest time and date for receipt of Forms of Proxy and CREST Proxy Instructions for the EGM	11:00 AM on 16 April 2016
Time and date of EGM	11:00 AM on 18 April 2016

# LETTER FROM THE CHAIRMAN OF PETRONEFT

## PetroNeft Resources plc

*(Incorporated in Ireland with limited liability under the Companies Act, 2014 with registration number 408101)*

*Directors:*

George David Golder (*Non-Executive Chairman*)  
Dennis Carl Francis (*Chief Executive Officer*)  
David Edward Sanders (*Director and Company Secretary*)  
Paul Dowling (*Chief Financial Officer*)  
Thomas Gerard Hickey (*Non-Executive Director*)  
Gerard Fagan (*Non-Executive Director*)

*Registered Office:*

20 Holles Street  
Dublin 2  
Ireland

18 March 2016

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

Dear Shareholder,

### **Notice of Requisitioned Extraordinary General Meeting**

**and**

**Unanimous recommendation of your Board to vote AGAINST ALL of the EGM Resolutions**

#### **1. Introduction**

I am writing to provide you with notice of a requisitioned EGM of the Company, which is to be held at 11:00 AM at the Herbert Park Hotel, Ballsbridge, Dublin 4, Ireland on 18 April 2016.

Your Board has received a notice requisitioning an extraordinary general meeting of the Company from a single shareholder, Natlata Partners Limited, a company registered under the laws of the British Virgin Islands which has notified PetroNeft that it has a beneficial shareholding of 208,429,458 Ordinary Shares representing approximately 29.47 per cent. of the issued share capital of the Company. Natlata has put forward 8 resolutions (set out in paragraph 4 of this letter) to be considered at the requisitioned EGM. In accordance with the provisions of section 175 of the Companies Act 2014, your Board is required to call an extraordinary general meeting if it receives a request from one or more Shareholders holding at least 10 per cent. of the issued share capital of the Company.

This letter provides Shareholders with details of the EGM Resolutions that are to be put to Shareholders at the Requisitioned EGM, background information to the EGM, information on Natlata and the Proposed Directors and sets out your Board's response to the EGM Resolutions.

**Your Board believes that Natlata has proposed the EGM Resolutions  
as a means by which it can obtain control of the Company,  
without paying Shareholders a fair price for obtaining such control**

**Your Board believes that the EGM Resolutions proposed by Natlata are  
NOT in the best interests of the Company and Shareholders as a whole and is therefore  
unanimously recommending that you vote AGAINST ALL of the EGM Resolutions**

## 2. Background to the Requisitioned Extraordinary General Meeting

### *2014 Natlata Requisitioned EGM*

Natlata, a British Virgin Island registered company, has been a Shareholder of PetroNeft since 2007 but acquired the majority of its shareholding since 2013. The beneficial owner of Natlata is Maxim Korobov, a Russian business man and former politician who has oil and gas interests in Russia.

In 2014 Natlata requisitioned an extraordinary general meeting of the Company as a means by which it could obtain control of the Board without paying Shareholders a fair price for obtaining control of the Company. Natlata sought the removal of a majority of the Board and the appointment of five Natlata nominated persons, namely Fraser Innes, Richard Thornton, Pavel Tetyakov, Anthony Sacca and David Sturt to the board of the Company.

In the year preceding the 2014 Natlata Requisitioned EGM, PetroNeft had held discussions with a large number of parties in relation to a potential farmout of up to 50 per cent. of Licence 61. PetroNeft had also held discussions with a number of Russian and International banks to refinance a debt facility with Macquarie Bank Limited. These initiatives culminated in PetroNeft agreeing a farmout of 50 per cent. of Licence 61 to Oil India. This farmout was structured to enable PetroNeft to repay in full its outstanding debts, have cash for working capital purposes and significant funds available to invest directly in Licence 61. Furthermore, the farmout was structured so that PetroNeft would remain the operator of Licence 61.

The Board unanimously recommended that Shareholders vote against the resolutions proposed at the 2014 Natlata Requisitioned EGM as they were not in the best interests of the Company and Shareholders. The 2014 Natlata Requisitioned EGM was held on 9 May 2014 and Shareholders overwhelmingly voted against the resolutions. On the same day Shareholders overwhelmingly approved the Licence 61 farmout to Oil India.

### *Significant Shareholders*

Following the unsuccessful attempt to obtain control of the Board in May 2014, Natlata continued to increase its shareholding from 104,301,536 Ordinary Shares (14.75 per cent. of issued share capital) in May 2014 to 208,429,458 (29.47 per cent of issued share capital) in February 2016. Natlata has made the following shareholding notifications to PetroNeft since the 2014 Natlata Requisitioned EGM.

#### **Natlata Shareholdings:**

<b>Date of Notification</b>	<b>Interest in Ordinary Shares</b>	<b>% of issued share capital<sup>(*)</sup></b>
19 February 2016	208,429,458	29.47
25 January 2016	157,753,562	22.31
11 September 2015	148,579,779	21.00
30 June 2015	145,929,779	20.63
27 February 2015	139,819,805	19.77
As at May 2014 EGM	104,301,536	14.75

Note:

(\*) These percentages are made on the basis of 707,245,906 Ordinary Shares being in issue as at the Latest Practicable Date.

In addition, shortly after the 2014 Natlata Requisitioned EGM, the Company identified a new significant shareholding on its shareholder register held by a nominee company. The Company engaged on a number of occasions with various nominee companies so as to determine the beneficial owner of such Ordinary Shares and to inform them of their shareholder notification obligations under Irish company law and the Articles of Association. Following protracted correspondence over an extended period of months, the beneficial shareholder was finally identified as General Invest Overseas S.A. (“General Invest”), a company with a registered address in the Marshall Islands but managed and controlled from Moscow. General Invest have made the following shareholding notifications to PetroNeft. General Invest have stated that the nature of their interest is for capital gain and that the investment is part of their long-term portfolio.

## General Invest Shareholdings:

Date of Notification	Interest in Ordinary Shares	% of issued share capital(*)
1 March 2016	75,678,700	10.70
21 July 2015	124,678,700	17.63
5 March 2015	106,178,700	15.01
8 September 2014	45,178,700	6.39

The c. 7 per cent. increase of Natlata's holding and the c. 7 per cent. decrease in General Invest's holding occurred in February 2016 around the time of the current Natlata EGM requisition was received by the Company and appears to have been executed in an off-market transaction. The Company has never been able to be get satisfactory comfort that there is no concert party relationship between General Invest and Natlata.

### *Shareholder Discussions*

Since May 2014 the Board has engaged extensively with Natlata. In August 2015 Natlata proposed that David Sturt and Anthony Sacca be appointed as Directors at the 2015 Annual General Meeting ("AGM"). The Board responded to Natlata agreeing to consider Mr. Sacca and Mr. Sturt as part of a process being run by the Nominations committee of the PetroNeft Board. The Board highlighted a potential conflict of interest for Mr. Sturt arising from his membership of the board of PetroGrand AB a Swedish listed company engaged in the oil and gas business in Russia that subsequently has been delisted. The Board agreed with Natlata to conclude the matter quickly so appointments could be made immediately after the AGM. However, Natlata then withdrew their request and advised they would come back to the issue after the AGM which took place on 18 September 2015.

A second proposal was also made by Natlata seeking the removal of the independent auditors at the AGM and suggesting that a range of different audit firms should be put before the AGM for consideration by the Shareholders. We responded on the issue of the replacement of auditors outlining the rules that should be followed under Irish Company law and the fact that it is not practical to conduct a selection process at an AGM.

The next proposal from Natlata was received in late October 2015, again asking for the appointment of Mr. Sacca and Mr. Sturt. In the intervening period the Nomination committee had been considering other potential candidates following the retirement of Non-Executive director Vakha Sobraliev at the 2015 AGM. The Board advised Natlata of this and agreed to include Natlata's candidates with a view to replacing Mr. Sobraliev and adding one additional Independent Non-Executive to the Board.

In November 2015 the Company wrote to Natlata and certain other large Shareholders seeking their views on four potential candidates (including Messrs. Sturt & Sacca) providing information on each potential candidate to the Shareholders and commenced the necessary diligence required for each candidate. Despite several reminders Natlata did not respond with their views on the other candidates. In January and February 2016 several meetings between PetroNeft Board members and the various candidates took place. Two candidates were also invited to attend a Board meeting of PetroNeft in February as guests in order to familiarise themselves more with the Company and other Board members.

When the EGM requisition was received on 18 February 2015, the Company was at the final stage of appointing two independent non-executive directors and Natlata was aware that one of their candidates was attending a PetroNeft Board meeting in Dublin on that day as a guest. Following receipt of the EGM requisition the Board put this decision on hold in order to enter new discussions with Mr. Korobov and Natlata to ascertain his current position which appeared to have changed markedly from earlier more constructive discussions.

### **Discussions with Natlata since the EGM requisition was received**

Since the EGM proposal was received, the Company has held several meetings with Mr. Korobov and Mr. Pavel Tetyakov of Natlata with a view to progressing new Board appointments in an agreed manner that is in the interest of PetroNeft and its Shareholders as a whole and to avoid the requirement for a further costly and divisive EGM.

PetroNeft has suggested that the following appointments be made as part of an agreement for a sustainable relationship with Natlata:

- Maxim Korobov be appointed as a Non-Executive Director
- Anthony Sacca be appointed as an Independent Non-Executive Director
- Thomas Wagenhofer be appointed as an Independent Non-Executive Director

We have also agreed to consider reducing the size of the Board. So far it has not been possible to reach agreement, although the Board of PetroNeft remains open to discussions.

### **Profiles of Natlata nominees**

#### ***Anthony Sacca***

Mr. Sacca is an Accountant and former partner with PwC Moscow and has served as CFO with two mid-sized private companies in Russia. To the best of our knowledge he has never served on the Board of a listed company or been involved with an oil and gas company. He has been proposed by Natlata as an Independent Non-Executive Director.

#### ***David Sturt***

Mr. Sturt is an Oil Industry professional with experience in various jurisdictions including lengthy experience in Russia. He has worked alongside Pavel Tetyakov, a key associate of Maxim Korobov in at least four different companies. He has served on the Board of two listed companies, PetroGrand AB and Shelton Petroleum AB (now known as PetroSibir). Both of these Companies were listed on the Nasdaq First North Exchange in Stockholm and both companies had assets in Russia. However, in December 2015 both Companies were sanctioned by the Disciplinary Committee of Nasdaq Stockholm for significant breaches of disclosure and takeover rules and the Disciplinary Committee ordered that, due to the seriousness and repeated nature of the rule breaches, the shares of both companies be delisted with effect from 4 February 2016. According to public statements of Natlata, Mr. Sturt has been proposed as Non-Executive Chairman of PetroNeft.

#### ***Maxim Korobov***

Maxim Korobov is the beneficial owner of Natlata Partners Limited and a former member of the Federal Duma in Russia. He is also a significant shareholder of PetroGrand AB and PetroSibir. A key associate of his, Pavel Tetyakov, whom Natlata proposed as a director of PetroNeft in 2014, is the CEO of PetroGrand AB. According to public statements of Natlata, Mr. Korobov is being proposed as CEO of PetroNeft until at least the 2016 AGM of PetroNeft. To the best of our knowledge Mr. Korobov has never served on the Board of a listed company.

### **Profile of alternate nominee**

#### ***Thomas Wagenhofer***

Thomas Wagenhofer is a petroleum engineer with over 20 years' experience around the globe including Russia. He is currently Chairman of AIM listed company Magnolia Petroleum plc which has assets in the United States. He is also the principal in Gate Energy a UK based oil and gas consulting firm as well as being a founding partner of Giant Capital, an oil and gas investment specialist. His past career includes time with Atlantic Richfield Company, Ryder Scott petroleum consultants and Macquarie Bank.

### **3. Licence 61 and Oil India**

While the farmout of a 50 per cent. interest in Licence 61 to Oil India was completed in July 2014, the Company has been in discussions with Oil India since 2012. Since the completion of the Farmout, relations have grown stronger and a Working Group comprising representatives of both PetroNeft and Oil India has been responsible for planning and budgeting of the work programme related to Licence 61 as well as

monitoring day to day activities. Oil India has seconded key technical staff into the Tomsk operations for extended periods of time.

Approximately US\$45 million has been invested by Oil India in Licence 61 with a significant amount of work having been completed including delineation/development wells at Arbuzovskoye, Lineynoye, Tungolskoye and Sibkrayevskoye, as well as a major 1,000 km high resolution 2D seismic programme at the northern end of Licence 61. The work included drilling of the first horizontal wells on Licence 61. While the results at Tungolskoye were below expectations the results of the wells and new seismic data particularly at Arbuzovskoye and Sibkrayevskoye have been very encouraging and a plan has now been put in place to develop South Arbuzovskoye in 2016 and commence development of Sibkrayevskoye in 2017.

The experience gained from the horizontal wells at Lineynoye and Tungolskoye should enable better results with horizontal wells at South Arbuzovskoye and Sibkrayevskoye where the main reservoir intervals are much thicker. The economics for these developments are very good even in the current low oil price environment.

At Sibkrayevskoye, the S-373 well and extensive new seismic data acquired in 2016 indicate that the field could be in the 100 million bbl range which would qualify as one of the largest oil fields discovered in the Tomsk Region in the last 25 years and it would be the core development asset in Licence 61 for many years to come. An additional appraisal well will be drilled in 2016 and development is scheduled to commence in 2017. This is a significant accomplishment for the Company. Well tests on the S-373 well this winter confirmed good flow rates of over 200 bopd using an electric submersible pump as predicted. Horizontal wells in the planned development scheme will have significantly higher production rates.

Licence 61 is currently producing about 2,400 bopd (gross) and PetroNeft is debt free,

As part of the agreement in respect of the Licence 61 Farmout, Oil India were keen to continue to work with the same team they had been engaging with since discussions first began in 2012. In that regard and as previously notified to Shareholders, the agreement includes the right for Oil India to assume operatorship of Licence 61 should there be a substantial change in the management team of PetroNeft which Oil India believes not to be in its interests. Based on discussions with Oil India, the Directors believe that Oil India is likely to exercise its right to assume operatorship should the Natlata Resolutions be approved. The Directors believe that this would not be in the best interests of the Company and Shareholders, including Natlata.

In the period since the completion of the Licence 61 Farmout, international oil prices have decreased from around \$108/bbl to around \$40/bbl which unfortunately has had a devastating effect on the share price of almost all oil and gas companies over the same period. The following table illustrates PetroNeft's share price performance in the period since the farmout as compared with our peers who operate in Russia.

<b>Company</b>	<b>3-Jul-14</b>	<b>17-Mar-16</b>	<b>Delta %</b>
<b>Brent Oil Price (US\$/bbl)</b>	<b>108.98</b>	<b>38.06†</b>	<b>-65%</b>
Exillon Energy (EXIL.L)	153.25	79.00	-48%
Urals Energy (UEN.L)	4.75	2.25	-53%
<b>PetroNeft (PTR.L)</b>	<b>6.30</b>	<b>2.30</b>	<b>-63%</b>
Ruspetro (RPO.L)	14.54	4.00	-72%
Zoltav Resources (ZOL.L)	130.00	29.00	-78%
Shelton (SHEL-B.ST)*	20.40	3.02	-85%
Petrogrand (PETRO.ST)*	6.40	0.45	-93%

Source: U.S. Energy Information Administration for oil prices and Yahoo Finance for share prices

† Brent oil price is as per 14 March 2016

\*The ordinary shares of Shelton and Petrogrand were delisted on 4 February 2016 and the market prices are as of the last day of trading.



### ***Future funding of Licence 61***

The planned 2016 and 2017 work programmes for Licence 61 are expected to require gross funding of at least US\$35 million. Oil India have indicated to the Company their willingness to provide 100 per cent. of this funding by way of a shareholder loan to the joint venture vehicle on favourable terms. Principal repayments by the joint venture on the proposed loan would not commence until 2019. The legal documentation for the first tranche of this proposed financing is currently being finalised and Shareholders will be updated once that is complete. This is a significant accomplishment for PetroNeft in the current market as it would otherwise be extremely challenging, expensive and dilutive to Shareholders for PetroNeft to raise the required funding for its share of these costs.

However, Oil India has indicated that this funding will only be made available conditional on the current management team remaining in place. Furthermore, should there be a change in management subsequent to the drawdown of the new loan this would constitute an event of default, requiring immediate repayment of amounts advanced and further requiring PetroNeft to provide its 50% share of this funding.

### ***PetroNeft's Forward Strategy for Increasing Shareholder Value***

As discussed the Company has put in place a comprehensive work programme and budget as well as the necessary financing to continue developing the most economic fields in Licence 61 in the current low oil price environment. This programme has been agreed with Oil India who have indicated they are willing to provide 100% of the funding required, subject to the conditions referred to above.

The major points of this work programme are as follows:

#### **2016**

##### **South Arbuzovskoye Development Plan**

- One vertical and up to 3 horizontal wells
- Pad 2 construction has been completed and construction of the pipeline and power line to Pad 1 is in progress
- Production drilling rig is being moved to location with drilling and production to commence in Q2

##### **Sibkrayevskoye Delineation and Optimization Studies**

- Additional delineation well (S-374) at Sibkrayevskoye to better define south-eastern portion of the field
- S-374 drilling pad is under construction and the drilling rig is being moved to location
- Optimisation studies and approvals for Sibkrayevskoye Development

#### **2017**

##### **Sibkrayevskoye Development Plan**

- Development of Pad 1 with up to 7 vertical/slant wells and 6 horizontal wells
- Construction of 26 km pipeline and power line from Pad 1 to Lineynoye central processing facilities Q1
- Commencement of development drilling and production Q2

#### **2018 and later**

- Development of up to 6 additional drilling pads at Sibkrayevskoye similar to Pad 1 above
- Exploration and delineation of other targets such as Emtorskaya

The Board and Oil India believe that there is an attractive economic return for this development plan even in today's low oil price environment and it will position the Company to benefit materially from future increases in oil prices.

Natlata has not communicated or proposed any credible alternate strategy for the prioritised development and financing of Licence 61.

#### **4. The Natlata EGM Resolutions**

The Natlata Requisition proposes the following resolutions as ordinary resolutions, which would require approval by a simple majority of votes cast to be passed:

- (1) Dennis Francis be removed from his office as a Director of the Company with effect from the conclusion of the Requisitioned EGM;
- (2) David Sanders be removed from his office as a Director of the Company with effect from the conclusion of the Requisitioned EGM;
- (3) Paul Dowling be removed from his office as a Director of the Company with effect from the conclusion of the Requisitioned EGM;
- (4) David Golder be removed from his office as a Director of the Company with effect from the conclusion of the Requisitioned EGM;
- (5) Any person (other than Anthony Sacca, David Sturt and Maxim Korobov) appointed as a Director of the Company between 17 February 2016 and the conclusion of the EGM be removed from his office as a Director of the Company with effect from the conclusion of the Requisitioned EGM;
- (6) Anthony Sacca be appointed as a Director of the Company with effect from the conclusion of the Requisitioned EGM; and
- (7) David Sturt be appointed as a Director of the Company with effect from the conclusion of the Requisitioned EGM; and
- (8) Maxim Korobov be appointed as a Director of the Company with effect from the conclusion of the Requisitioned EGM.

Resolutions (1) to (5) are seeking the removal from the Board of four directors including your Chief Executive Officer, Chief Financial Officer, the Chairman and any interim director. Resolutions (6) to (8) are seeking the appointment of three Natlata nominated persons, namely Anthony Sacca, David Sturt and Maxim Korobov to the board of the Company.

While Natlata have not stated in the EGM requisition what roles the above nominees will have if they were to be successfully appointed by Shareholders at the EGM, Natlata has stated publically that Anthony Sacca would be an Independent Non-Executive Director, David Sturt would be appointed Chairman and Maxim Korobov would be appointed Chief Executive Officer. Natlata have also stated that they would appoint a new Chief Financial Officer. Natlata has not stated whether the executive positions of Dennis Francis and Paul Dowling (the current CEO and CFO respectively) would be retained.

No information on corporate governance arrangements has been provided by Natlata or the Proposed Directors and in particular for the protection of other Shareholders.

#### **5. Your Board's Response to the Resolutions**

Your Board believes that Natlata has proposed the EGM Resolutions as a means by which it can seek control of the Board without paying Shareholders a fair price for obtaining control of the Company. Your Board is unanimously recommending that Shareholders **VOTE AGAINST ALL** of the EGM Resolutions for the following reasons:

The Directors are concerned for PetroNeft's future independence if its board of directors comprises of a majority of individuals who have been nominated by a single Shareholder, Natlata. The new board would have a majority of members proposed by Natlata and could seek to not proceed with the agreed strategy for development of Licence 61 in favour of other transactions with Natlata or related parties that would not be in the best interests of the Company or other Shareholders.

This is of particular concern when:

- Neither Natlata nor the Proposed Directors have provided any information as to their strategic, operational and financing objectives for the future of the Company, including in relation to proposed funding, and key long term Executive management.
- The passing of the Natlata resolutions would cause material risks for PetroNeft and its Shareholders and in particular could lead to the:
  - o Loss of operatorship of Licence 61
  - o Loss of key funding to be made available by Oil India for the development of Licence 61
  - o Loss of good corporate governance required of a company traded on UK and Irish public markets given the record of certain of Natlata's proposed Board members
  - o Loss of representation on the Board for the independent majority of Shareholders' interests
  - o Real risk that the Company's strategy will be changed or related party transactions may be undertaken that could be to the detriment of independent majority of Shareholders
  - o Real risk that the new Board could seek to cancel the admission to trading of the Ordinary Shares contrary to the interests of independent majority of Shareholders.

## 6. Action to be taken

### **YOUR VOTE IS IMPORTANT.**

**Only by voting AGAINST these resolutions can you secure the independence of PetroNeft.**

Shareholders, whether or not they propose to attend the requisitioned EGM in person, are requested to complete, sign and return the **Green Personalised Form of Proxy**, in accordance with the instructions printed thereon, so as to be received by Computershare as possible and, in any event, by not later than 11:00 AM on 16 April 2016 (48 hours before the EGM). Completion and return of the **Green Personalised Form of Proxy** will not preclude Shareholders from attending and voting at the Requisitioned EGM in person if they wish to do so.

Alternatively, Shareholders may appoint a proxy electronically by visiting [www.eproxyappointment.com](http://www.eproxyappointment.com) and submitting their proxy details. You will be asked to enter a Control Number, a Shareholder Reference Number (SRN), a PIN and agree to certain terms and conditions. This information is contained on the front of the enclosed **Green Personalised Form of Proxy**.

Additionally, for those who hold Shares in CREST, a Shareholder may appoint a proxy by completing and transmitting a CREST Proxy Instruction to CREST participant ID3RA50. In each case the proxy appointment must be received by no later than 11:00 AM on 16 April 2016. The completion and return of either an electronic proxy appointment notification or a CREST Proxy Instruction (as the case may be) will not prevent the Shareholder from attending and voting in person at the EGM or any adjournment thereof, should the Shareholder wish to do so.

## 7. Recommendation

**Your Board believes that Natlata has proposed the EGM Resolutions as a means by which it can obtain control of the Company, without paying Shareholders a fair price for obtaining such control.**

**Your Board believes that the EGM Resolutions proposed by Natlata are NOT in the best interests of the Company and Shareholders as a whole and is therefore unanimously recommending that you vote AGAINST ALL of the EGM Resolutions**

The Directors will follow your Board's recommendation by voting against the EGM Resolutions in respect of their own beneficial holdings in Ordinary Shares which represent in aggregate approximately 4.87 per cent. of the issued share capital of the Company.

Yours faithfully

**MR DAVID GOLDER**  
*Chairman*

## DEFINITIONS

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

“Act”	the Companies Act 2014 of Ireland;
“Acts” or the “Irish Companies Acts”	Companies Act 2014 of Ireland;
“AIM” or “AIM Market”	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 2 of this document;
“Business Day”	a day on which dealings take place on the Irish Stock Exchange and on the London Stock Exchange;
“Central Bank of Ireland”	the Central Bank of Ireland established pursuant to the Central Bank Acts 1942 to 2015;
“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”, “Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held on 18 April 2016 for the purpose of passing the Resolutions;
“ESM” or “ESM Market”	the Enterprise Securities Market, a market operated 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;
“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;

“Irish Takeover Rules”	the Irish Takeover Panel Act, 1997, Takeover Rules, 2013 as amended;
“Issued Share Capital”	the 707,245,906 Ordinary Shares in issue on the Latest Practicable Date and “Issued Shares” shall be construed accordingly;
“Latest Practicable Date”	17 March 2016, 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;
“London Stock Exchange”	London Stock Exchange plc;
“Natlata”	Natlata Partners Limited, a company registered under the laws of the British Virgin Islands with registration number 1770605;
“Notice of EGM” “Notice” or “Requisition”	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;
“Proposed Directors”	Anthony Sacca, David Sturt and Maxim Korobov;
“Registrar”	Computershare Investor Services (Ireland) Limited;
“Regulations”	the Prospectus Regulation 2005 (UK) (as amended) and the Prospectus (Directive 2003/71/EC) Regulations, 2005 (as amended);
“Resolutions” or “EGM Resolutions”	the resolutions as set out in the Notice of EGM to be proposed at the EGM;
“Shareholder(s)”	holder(s) of Ordinary Shares from time to time;
“Subsidiary”	has the meaning set out in section 7 of the Act;
“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 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;

**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.

# NOTICE OF EXTRAORDINARY GENERAL MEETING

## PETRONEFT RESOURCES PLC (the “COMPANY”)

*(Incorporated in Ireland with limited liability under the Companies Act 2014 with registration number 408101)*

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting (the “EGM”) of PetroNeft Resources plc (the “**Company**”) will be held at 11:00 AM at the Herbert Park Hotel, Ballsbridge, Dublin 4, Ireland on 18 April 2016, for the purposes of considering and, if thought fit, passing, the following ordinary resolutions.

1. That Dennis Francis be and is hereby removed from his office as Director of the Company with effect from the conclusion of the EGM.
2. That David Sanders be and is hereby removed from his office as Director of the Company with effect from the conclusion of the EGM.
3. That Paul Dowling be and is hereby removed from his office as Director of the Company with effect from the conclusion of the EGM.
4. That David Golder be and is hereby removed from his office as Director of the Company with effect from the conclusion of the EGM.
5. That any person (other than Anthony Sacca, David Sturt and Maxim Korobov) appointed as a Director of the Company pursuant to Article 92 of the Articles of Association of the Company or otherwise during the period between 17 February 2016 and the conclusion of the EGM be and is hereby removed from his office as a Director of the Company with effect from the conclusion of the EGM.
6. That Anthony Sacca be and is hereby appointed as a Director of the Company with effect from the conclusion of the EGM.
7. That David Sturt be and is hereby appointed as a Director of the Company with effect from the conclusion of the EGM.
8. That Maxim Korobov be and is hereby appointed as a Director of the Company with effect from the conclusion of the EGM.

**Dated this 18th day of March 2016**

**BY ORDER OF THE BOARD**

**David Sanders**

*Company Secretary*

Registered Office: 20 Holles Street, Dublin 2

Registered in Dublin, Ireland – No. 408101

## NOTES:

1. Any member entitled to attend, speak and vote at the EGM 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/petroneft](http://www.computershare.com/ie/voting/petroneft). 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 16 April 2016. 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 section 1095 of the Companies Act 2014 and 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 15 April 2016 (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 16 April 2016. 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.

