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If you have sold or otherwise transferred all of your shares in Borders & Southern Petroleum plc please forward this document and the accompanying documents to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was made for onward transmission to the purchaser or transferee. If you have sold or otherwise transferred some of your shares in Borders & Southern Petroleum plc, you should retain these documents and contact your stockbroker, bank or other agent through whom the sale or transfer was effected. However, this Circular and/or any accompanying documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction.

The issue of New Ordinary Shares does not constitute an offer to the public requiring an approved prospectus under section 85 of FSMA. Accordingly, this document does not constitute a prospectus for the purposes of the Prospectus Regulation Rules and has not been pre-approved by the FCA pursuant to sections 85 and 87 of FSMA, the London Stock Exchange, any securities commission or any other authority or regulatory body and has not been approved for the purposes of section 21 of FSMA. This document does not comprise an admission document under the AIM Rules and the London Stock Exchange has not itself examined or approved the contents of this document.

Borders & Southern Petroleum plc

(incorporated and registered in England and Wales with registered number 05147938)

Firm and Conditional Fundraising of £2,500,000 comprising

Placing of 122,857,138 Placing Shares

Subscription for 20,000,000 Subscription Shares

at 1.75 pence per New Ordinary Share

and

Notice of General Meeting

Nominated & Financial Adviser
Strand Hanson Limited

Broker
S.P. Angel Corporate Finance LLP

This document should be read as a whole. Your attention is drawn to the letter from the Chief Executive of the Company set out in Part 1 of this Circular explaining the background to, and reasons for, the Fundraising and the recommendation by the Directors to the Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting.

Strand Hanson Limited ("**Strand Hanson**"), which is authorised and regulated in the United Kingdom by the FCA, is the Company's nominated adviser under the AIM Rules. The responsibility of Strand Hanson as nominated adviser under the AIM Rules is owed solely to the London Stock Exchange and not to the Company or its Directors or any other person. Strand Hanson has not authorised the contents of this document and no liability is accepted by Strand Hanson for the accuracy of any information or opinions contained in, or for the omission of any information from, this document, for which the Company and the Directors are solely responsible.

S.P. Angel Corporate Finance LLP (the "**Broker**"), which is authorised and regulated in the United Kingdom by the FCA, is acting as broker to the Company in connection with the proposed Placing and Admission and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of the Broker or for advising any other person in respect of the Placing and Admission or any transaction, matter or arrangement referred to in this document.

Copies of this document will be available free of charge until immediately after the close of the General Meeting at the offices of Wedlake Bell LLP, 71 Queen Victoria Street, London EC4V 4AY during normal business hours and on the Company's website.

The Directors of the Company, whose names appear on page 4 of this document, have taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in this document. All the Directors accept responsibility accordingly.

The Existing Ordinary Shares and the First Placing Shares are admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the FCA. Shareholders 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. First Admission (which was not itself conditional upon the passing of any resolutions) became effective and dealings commenced at 8.00 a.m. on 6 December 2022 in respect of the First Placing Shares. Application will be made for the Second Placing Shares and the Subscription Shares to be admitted to trading on AIM. Subject to certain conditions being satisfied, including the passing of the necessary Resolutions at the General Meeting, it is expected that Second Admission will become effective and that dealings will commence at 8.00 a.m. on 5 January 2023 in respect of the Second Placing Shares and the Subscription Shares. The First Placing Shares were issued free of expenses and rank *pari passu* in all respects with the Existing Ordinary Shares. The Second Placing Shares and the Subscription Shares will be issued free of expenses and will, on issue, rank *pari passu* in all respects with the Existing Ordinary Shares and the First Placing Shares in issue, including the right to receive all dividends and distributions declared, made or paid after the date of issue.

Notice of a General Meeting of the Company, to be held at the offices of Wedlake Bell LLP at 71 Queen Victoria Street, London EC4V 4AY at 11.00 a.m. on 4 January 2023, is set out at the end of this document.

A Form of Proxy is enclosed. To be valid, a Form of Proxy should be completed, signed and returned so as to be received by the Company's registrars at Link Group, PXS 1, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL as soon as possible, but in any event so as to be received not later than 11.00 a.m. on 2 January 2023. Please refer to the detailed notes contained in the Notice of General Meeting and the Form of Proxy.

The distribution of this Circular in or into jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any other jurisdiction should inform themselves about, and observe, such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the laws of such jurisdiction. This document does not constitute an offer or invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities pursuant to this document or otherwise in any jurisdiction in which such offer or solicitation is unlawful. For the avoidance of doubt, such restricted jurisdictions include, but are not limited to, the United States, Australia, Canada, Japan, New Zealand and the Republic of South Africa. This document has been prepared to comply with English law and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom. No person should construe the contents of this document as legal, tax or financial advice and recipients of this document should consult their own advisers as to the matters described in this document.

The New Ordinary Shares that are the subject of the Fundraising have been offered only outside the United States in reliance on Regulation S under the United States Securities Act of 1933, as amended. The offer and sale of the New Ordinary Shares that are the subject of the Fundraising have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, the New Ordinary Shares that are the subject of the Fundraising may not be offered or sold, re-sold, taken up, pledged, transferred, delivered or distributed, directly or indirectly, within the United States except in compliance with an exemption from the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

None of the New Ordinary Shares have been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Fundraising or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

This document contains statements about the Company that may be deemed to be "forward-looking statements". All statements, other than statements of historical facts, included in this document may be forward-looking statements. Without limitation, any statements preceded or followed by, or that include, the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "should", "anticipates", "estimates", "projects", or words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements may include, without limitation, statements relating to future capital expenditures, expenses, revenues, earnings, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects, etc.

These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause the actual result, performance or achievements of any person, or industry, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. Shareholders should not place undue reliance on such forward-looking statements and, save as is required by law or regulation (including to meet the requirements of the AIM Rules, the City Code on Takeovers and Mergers, the Prospectus Regulation Rules and/or FSMA), the Company does not undertake any obligation to update publicly or revise any forward-looking statements (including to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based). All subsequent oral or written forward-looking statements attributed to the Company or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above. All forward-looking statements contained in this document are based on information available to the Directors at the date of this document, unless some other time is specified in relation to them, and the posting or receipt of this document shall not give rise to any implication that there has been no change in the facts set forth herein since such date.

This document is dated 8 December 2022.

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DIRECTORS, COMPANY SECRETARY AND ADVISERS

Directors	David Harry Williamson Dobson, <i>Non-executive Chairman</i> Howard Obee, <i>Chief Executive</i> Peter William Fleming, <i>Finance Director</i> William John Edmund Hodson, <i>Independent non-executive Director</i>
Company Secretary	William John Walton Slack
Registered Office	One Fleet Place London EC4M 7WS
Legal Advisers to the Company	Wedlake Bell LLP 71 Queen Victoria Street London EC4V 4AY
Nominated & Financial Adviser	Strand Hanson Limited 26 Mount Row London W1K 3SQ
Broker	S.P. Angel Corporate Finance LLP Prince Frederick House 4th Floor 35-39 Maddox Street London W1S 2PP
Registrar	Link Group 10 th Floor Central Square 29 Wellington Street Leeds LS1 4DL
Receiving Agent	Link Group PXS 1 10 th Floor Central Square 29 Wellington Street Leeds LS1 4DL

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of Fundraising	30 November 2022
Admission and dealings in the First Placing Shares commenced on AIM	6 December 2022
Where applicable, expected date for CREST accounts to be credited in respect of First Placing Shares in uncertificated form	6 December 2022
Posting of Circular and Form of Proxy	8 December 2022
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 2 January 2023
General Meeting	11.00 a.m. on 4 January 2023
Announcement of results of General Meeting	following General Meeting on 4 January 2023
Admission and dealings in the Second Placing Shares and the Subscription Shares expected to commence on AIM	8.00 a.m. on 5 January 2023
Where applicable, expected date for CREST accounts to be credited in respect of Second Placing Shares and Subscription Shares in uncertificated form	5 January 2023
Where applicable, expected date for dispatch of definitive share certificates for New Ordinary Shares in certificated form	within 10 Business Days of Admission

Notes:

- 1. Each of the times and dates above is subject to change. Any such change will be notified by an announcement on a Regulatory Information Service.*
- 2. All of the above times refer to London time.*
- 3. All events listed in the above timetable following the General Meeting are conditional upon the passing of the Resolutions at the General Meeting.*

KEY STATISTICS

Issue Price per New Ordinary Share	1.75 pence
Number of Existing Ordinary Shares in issue immediately before First Admission	587,957,318
Number of First Placing Shares issued by the Company pursuant to the First Placing	105,714,281
Number of Second Placing Shares to be issued by the Company pursuant to the Second Placing	17,142,857
Number of Subscription Shares to be issued by the Company pursuant to the Subscription	20,000,000
Total number of New Ordinary Shares to be issued	142,857,138
Enlarged Share Capital on First Admission	693,671,599
Enlarged Share Capital on Second Admission	730,814,456
Gross proceeds of the First Placing	£1,850,000
Gross proceeds of the Second Placing	£300,000
Gross proceeds of the Subscription	£350,000
Gross proceeds of the Fundraising	£2,500,000
ISIN of the Ordinary Shares	GB00B08F4599
SEDOL of the Ordinary Shares	B08F459

The statistics above assume the passing of the necessary Resolutions at the General Meeting and therefore the Admission of all Second Placing Shares and Subscription Shares pursuant to and in connection with the Fundraising.

DEFINITIONS

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

"Admission"	any one or both of the First Admission and/or Second Admission (as the context so requires);
"AIM"	the market of that name operated by the London Stock Exchange;
"AIM Rules"	together, the AIM Rules for Companies and the AIM Rules for Nominated Advisers both as amended from time to time;
"Board" or "Directors"	the directors of the Company whose names are set out on page 4 of this document;
"Broker"	S.P. Angel Corporate Finance LLP, the Company's broker in relation to the Placing;
"Business Day"	any day on which banks are usually open in England and Wales for the transaction of business, other than a Saturday, Sunday or public holiday;
"Circular" or "this document"	this document, posted to Shareholders on 8 December 2022;
"Company"	Borders & Southern Petroleum plc, a company incorporated and registered in England and Wales with company number 05147938;
"CREST"	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear;
"CREST Manual"	the compendium of documents entitled CREST Manual issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual and the CREST Glossary of Terms;
"CREST Member"	a person who has been admitted to Euroclear as a member (as defined in the CREST Order);
"CREST Participant"	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations);
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended from time to time);
"CREST Sponsor"	a CREST Participant admitted to CREST as a CREST Sponsor;
"CREST Sponsored Member"	a CREST Member admitted to CREST as a sponsored member;
"Enlarged Share Capital"	the 730,814,456 Ordinary Shares in issue immediately following the Second Admission comprising the Existing Ordinary Shares and all of the New Ordinary Shares;
"Euroclear"	Euroclear UK & International Limited;
"Existing Ordinary Shares"	the ordinary shares of 1 penny each in the capital of the Company immediately prior to First Admission, being

	587,957,318 Ordinary Shares;
"FCA"	the Financial Conduct Authority;
"First Admission"	the admission of the First Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules;
"First Placing"	the conditional placing of the First Placing Shares at the Issue Price pursuant to the Placing Agreement;
"First Placing Shares"	the 105,714,281 New Ordinary Shares placed with institutional and certain other investors at the Issue Price pursuant to the First Placing;
"Form of Proxy"	the form of proxy attached to this document for use by Shareholders in connection with the General Meeting;
"Fundraise" or "Fundraising"	together, the Placing and the Subscription;
"FSMA"	the Financial Services and Markets Act 2000 (as amended);
"General Meeting"	the extraordinary general meeting of the Company to be held at the offices of Wedlake Bell LLP at 71 Queen Victoria Street, London EC4V 4AY at 11.00 a.m. on 4 January 2023, notice of which is set out in Part 2 of this document;
"Group"	the Company and its subsidiary at the date hereof and "Group Company" shall be construed accordingly;
"HMRC"	His Majesty's Revenue & Customs;
"Issue Price"	1.75 pence per New Ordinary Share;
"London Stock Exchange"	London Stock Exchange plc;
"New Ordinary Shares"	the new Ordinary Shares in the capital of the Company issued and to be issued in connection with the Placing and the Subscription;
"Notice of General Meeting"	the notice of General Meeting in Part 2 which forms part of this document;
"Ordinary Shares"	the ordinary shares of 1 penny each in the capital of the Company;
"Placing"	the conditional placing of the Placing Shares by the Broker, as agent on behalf of the Company, pursuant to the Placing Agreement, further details of which are set out in this document;
"Placing Agreement"	the conditional agreement dated 29 November 2022 and made between the Broker and the Company in relation to the Placing, further details of which are set out in this document;
"Placing Shares"	the First Placing Shares and the Second Placing Shares;
"Prospectus Regulation Rules"	the prospectus regulation rules of the FCA made under Part VI of FSMA;
"Receiving Agent"	Link Group, PXS 1, 10 th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL;

"Regulatory Information Service"	has the meaning given under the AIM Rules;
"Renewal Authorities"	means the authorities to be sought from Shareholders to replace the existing authorities to allot equity securities granted at the Company's annual general meeting in June 2022, and used for the First Placing, to enable the Company to allot further Ordinary Shares and to disapply pre-emption rights to cover the period between the date of the General Meeting and the Company's annual general meeting in 2023;
"Resolutions"	the resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting, relating to the Second Placing, the Subscription and the Renewal Authorities;
"Second Admission"	the admission of the Second Placing Shares and the Subscription Shares to trading on AIM becoming effective in accordance with the AIM Rules;
"Second Placing"	the conditional placing of the Second Placing Shares at the Issue Price pursuant to the Placing Agreement;
"Second Placing Shares"	the 17,142,857 New Ordinary Shares to be placed with institutional and certain other investors at the Issue Price pursuant to the Second Placing;
"Securities Act"	US Securities Act of 1933, as amended;
"Shareholders"	holders of Existing Ordinary Shares and First Placing Shares;
"Strand Hanson"	Strand Hanson Limited, the Company's nominated and financial adviser;
"subsidiary"	has the meaning given in section 1159 of the Companies Act 2006;
"Subscriber"	Zila Corporation, a company wholly owned by Ale Moor Fiduciaries Limited, as trustee of The Lotus II Trust of which Harry Dobson, the Non-executive Chairman, is a member of the class of beneficiaries;
"Subscription"	the subscription for the Subscription Shares by the Subscriber at the Issue Price;
"Subscription Letter"	the agreement dated 29 November 2022 between the Company and the Subscriber relating to the Subscription;
"Subscription Shares"	the 20,000,000 New Ordinary Shares to be allotted pursuant to the Subscription on the terms of the Subscription Letter;
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"uncertificated" or "uncertificated form"	recorded on the relevant register or other record of the Ordinary Shares or other security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
"United States", "United States of America" or "US"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all areas subject to its

jurisdiction;

"US person"

a "U.S. person" as that term is defined in Rule 902(k) of Regulation S under the Securities Act;

**"£", "pounds sterling", "sterling"
"penny" or "pence"**

the lawful currency of the United Kingdom.

PART 1 LETTER FROM THE CHIEF EXECUTIVE

Borders & Southern Petroleum plc

(incorporated and registered in England and Wales with registered number 05147938)

Directors:

David Harry Williamson Dobson, *Non-executive Chairman*

Howard Obee, *Chief Executive*

Peter Fleming, *Finance Director*

William Hodson, *Independent non-executive Director*

Registered Office:

One Fleet Place

London

EC4M 7WS

8 December 2022

Dear Shareholder

Firm and Conditional Fundraising of £2,500,000 comprising

Placing of 122,857,138 Placing Shares

Subscription for 20,000,000 Subscription Shares

at 1.75 pence per New Ordinary Share

and

Notice of General Meeting

1. Introduction and summary

On 30 November 2022, the Company announced that it had conditionally raised £2.5 million (before expenses) by way of a placing of 122,857,138 New Ordinary Shares and a subscription of 20,000,000 New Ordinary Shares, in each case at a price of 1.75 pence per share. The net proceeds of the Fundraising will be used to fund the Company's licence fees and discovery area fees, certain technical and commercial studies, general & administrative expenses and, more generally, to advance the Company's Darwin project towards appraisal.

The Placing comprises the First Placing and the Second Placing. The First Placing comprises 105,714,281 New Ordinary Shares. The First Placing and First Admission were not conditional on the passing of any resolutions, the Second Placing, the Subscription, or Second Admission.

The Second Placing comprises 17,142,857 New Ordinary Shares. The Second Placing is conditional, *inter alia*, upon the passing of the necessary Resolutions, First Admission and Second Admission. The Second Placing Shares have been conditionally placed with certain institutional and other investors at the Issue Price by the Broker in accordance with the terms and conditions of the Placing Agreement.

The Company and the Subscriber have entered into a Subscription Letter under which the Subscriber has conditionally agreed to subscribe for New Ordinary Shares (comprising in aggregate 20,000,000 New Ordinary Shares) at the Issue Price. The Subscription is conditional, *inter alia*, on the passing of the necessary Resolutions and Second Admission and the Placing Agreement becoming unconditional in all respects.

All relevant conditions relating to the First Placing in the Placing Agreement have been satisfied (or, if applicable, waived (if capable of waiver)), and the First Placing Shares were admitted to trading, and dealings in the First Placing Shares commenced, on AIM on or around 8.00 a.m. on 6 December 2022.

Subject to the conditions in the Placing Agreement and the Subscription Letter being satisfied (or, if applicable, waived (if capable of waiver)), it is expected that the Second Placing Shares and the

Subscription Shares will be admitted to trading, and dealings in the Second Placing Shares and the Subscription Shares will commence, on AIM on or around 8.00 a.m. on 5 January 2023.

Second Admission is conditional upon, *inter alia*, the approval of the necessary Resolutions granting to the Board authority to allot the Second Placing Shares and the Subscription Shares and approving the dis-application of statutory pre-emption rights for such allotments.

The purpose of this document is to outline the reasons for, and provide further information on, the Fundraising and to explain why the Board believes the Fundraising to be in the best interests of the Company and its Shareholders as a whole, and why the Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this document. The General Meeting has been convened for 11.00 a.m. on 4 January 2023 and will take place at the offices of Wedlake Bell LLP at 71 Queen Victoria Street, London EC4V 4AY.

Further details on the specific work planned by the Company and its rationale for the Fundraising are set out in paragraph 3 of this Part 1.

2. The Company

The Company is a London based independent oil and gas exploration company with assets offshore to the Falkland Islands.

The Group currently holds three production licences and one exploration licence for a defined Discovery Area, each issued by the Falkland Islands Government, as detailed below:

- Production Licence PL018
- Production Licence PL019
- Production Licence PL020
- Darwin Discovery Area

Each of these licences expires on 31 December 2022. Application has been made for a two-year extension to these licences to 31 December 2024. The Company has no reason to believe that the Falkland Islands Government will not grant such licence extensions, subject to payment of the associated renewal fees.

The Group intends to seek partners to help monetise the Darwin discovery throughout next year and aims to progress this discovery towards commercialisation for the benefit of all of the Group's stakeholders, including Shareholders, the communities of the Falkland Islands and the Falkland Islands Government.

3. Background to and reasons for the Fundraising and use of proceeds

The proceeds of the Fundraising, together with the Company's existing cash balance, will provide working capital for the Company until at least 31 December 2024. The Company will require extensions to its Production Licences PL018, PL019 and PL020 and its Darwin Discovery Area by the Falkland Islands Government in line with its current practice of two-year extensions and the proceeds of the Fundraise will demonstrate that the Company can continue to meet its obligations to the Falkland Islands Government, which includes payment of the annual licence fees.

The proceeds of the Fundraise will also be directed towards securing a partner to help monetise and advance the Group's Darwin discovery. The liquids rich, gas condensate accumulation within the Darwin discovery, has been independently assessed to contain un-risked best estimate gross contingent and prospective resource of 462 million barrels of condensate and liquified petroleum gas (comprising two separate fault blocks, Darwin East and Darwin West, each independently assessed under the SPE PRMS Standard). The Board believes that, following successful appraisal, the

discovery could be commercialised for the benefit of all its stakeholders, including all Shareholders and the communities of the Falkland Islands.

The Company expects that in 2023 it will provide further updates as to how it intends to advance the appraisal and development of the Darwin discovery asset.

4. Details of the Placing

The Company has raised gross proceeds £1.85 million (before expenses) through the placing of the First Placing Shares at the Issue Price. The Company has conditionally raised gross proceeds of a further £300,000 (before expenses) through the placing of the Second Placing Shares at the Issue Price. The Placing Shares will represent approximately 16.81 per cent. of the Enlarged Share Capital. The Issue Price represents approximately a 44 per cent. discount to the closing middle market price of 3.15 pence per Existing Ordinary Share on 29 November 2022. The Placing comprises the First Placing and the Second Placing.

The First Placing comprises 105,714,281 New Ordinary Shares. The First Placing and First Admission were not conditional on the Second Placing, the Subscription or on Second Admission. The First Placing Shares have been allotted and issued and First Admission has become effective. It is possible that the Second Placing Shares and the Subscription Shares are not allotted and issued and Second Admission does not occur.

The Second Placing comprises 17,142,857 New Ordinary Shares. The Second Placing is conditional, *inter alia*, upon the passing of the necessary Resolutions, the Placing Agreement becoming unconditional and Second Admission.

5. The Placing Agreement

Pursuant to the terms of the Placing Agreement, the Broker has conditionally agreed to use its reasonable endeavours to procure subscribers for the Placing Shares (comprising shares issued pursuant to the First Placing and to be issued pursuant to the Second Placing) at the Issue Price. The Broker has placed the First Placing Shares, and conditionally placed the Second Placing Shares, with certain institutional and other investors at the Issue Price. Neither the First Placing nor the Second Placing is being underwritten by the Broker.

The First Placing was conditional, *inter alia*, on:

- the Placing Agreement not having been terminated in accordance with its terms prior to First Admission;
- the First Placing Shares having been allotted, conditional only on First Admission; and
- First Admission taking place not later than 8.00 a.m. on 6 December 2022 or such later date as is agreed in writing between the Company and the Broker, but in any event not later than 8.00 am on 6 January 2023.

The Second Placing is conditional, *inter alia*, on:

- First Admission;
- the General Meeting having taken place on the date set out in the Notice of General Meeting, no adjournment of the General Meeting having occurred without the prior written consent of the Broker and the necessary Resolutions having been passed;
- the Second Placing Shares having been allotted, conditional only on Second Admission;

- the Subscription Letter having been entered into by the parties thereto and not having been terminated and having become unconditional;
- the Placing Agreement having become unconditional in all respects (save in respect of Second Admission) and not having been terminated in accordance with its terms; and
- Second Admission taking place not later than 8.00 a.m. on 3 January 2023 or such later date as is agreed in writing between the Company and the Broker, but in any event not later than 8.00 am on 6 January 2023.

The Placing Agreement contains customary warranties given by the Company to the Broker as to matters in relation to, *inter alia*, the accuracy of the information in the Circular and other matters relating to the Group and its business. In addition, the Company has provided a customary indemnity to the Broker in respect of liabilities arising out of or in connection with the Placing. The Broker is entitled to terminate the Placing Agreement in certain circumstances prior to Admission including circumstances where any of the warranties are found not to be true or accurate or were misleading, the failure of the Company to comply in any material respect with any of its obligations under the Placing Agreement, the occurrence of certain force majeure events or a material adverse change in the business of the Group or in the financial or trading position or prospects of the Group or the Company.

6. Details of the Subscription

Pursuant to the Subscription, 20,000,000 New Ordinary Shares have been conditionally placed with Zila Corporation, a company wholly owned by Alemoor Fiduciaries Limited, as trustee of The Lotus II Trust of which Harry Dobson, the Non-executive Chairman, is a member of the class of beneficiaries, subject to, *inter alia*, the passing of the necessary Resolutions at the General Meeting and Second Admission.

The Subscription Shares will, when issued, be credited as fully paid and will rank *pari passu* with the Existing Ordinary Shares and the First Placing Shares. The Subscription Shares will represent approximately 2.74 per cent. of the Enlarged Share Capital.

7. Subscription Letter

The Subscriber has entered into a Subscription Letter with the Company to subscribe for the Subscription Shares at the Issue Price. The Subscriber's obligation to subscribe for Subscription Shares is conditional, *inter alia*, upon the passing of the necessary Resolutions at the General Meeting. The Subscription Letter is governed by the laws of England.

8. Related party transaction

The participation in the Subscription by a company connected with Harry Dobson is a related party transaction for the purposes of AIM Rule 13 of the AIM Rules for Companies due to Mr Dobson being a director of the Company, and a substantial Shareholder. The Directors other than Mr Dobson consider, having consulted with Strand Hanson, the Company's Nominated Adviser, that the terms of the Subscription are fair and reasonable insofar as the Shareholders are concerned.

9. EIS/VCT schemes

The Directors do not expect any of the New Ordinary Shares to constitute a qualifying holding for venture capital trust schemes or to satisfy the requirements for tax relief under the enterprise investment scheme. Therefore, the Company has not applied for confirmation from HMRC in this regard.

10. Working capital

The Company is of the opinion that, taking into account the net proceeds of the Fundraising, together with the Company's existing cash resources, the working capital available to the Group will be sufficient until at least 31 December 2024, for the Group's present requirements.

11. Settlement and dealings

The First Placing Shares have been, and the Second Placing Shares and the Subscription Shares will be, issued credited as fully paid and rank or will rank *pari passu* with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid in respect of Ordinary Shares after their Admission. The New Ordinary Shares are not being made available to the public and are not being offered or sold in any jurisdiction where it would be unlawful to do so.

Application has been made to the London Stock Exchange for the Second Placing Shares and the Subscription Shares to be admitted to trading on AIM.

Settlement of the First Placing Shares and Admission of the First Placing Shares took place on 6 December 2022. The First Placing was conducted pursuant to existing authorities to allot equity securities granted at the Company's annual general meeting in June 2022 and accordingly was not conditional upon the passing of resolutions, but was conditional, *inter alia*, upon First Admission becoming effective and the Placing Agreement not being terminated in accordance with its terms prior to First Admission.

Settlement of the Second Placing Shares and the Subscription Shares (amounting to, in aggregate, 37,142,857 New Ordinary Shares) and Second Admission is expected to take place on or around 8.00 a.m. on 5 January 2023. The Second Placing and the Subscription are conditional upon, among other things, the relevant resolutions required to implement the Second Placing and the Subscription being duly passed by Shareholders at the General Meeting, Second Admission becoming effective, and the Placing Agreement not being terminated in accordance with its terms prior to Second Admission.

12. Effect of Fundraising

Upon Second Admission, the Enlarged Share Capital is expected to be 730,814,456 Ordinary Shares. On this basis, the New Ordinary Shares will represent 19.55 per cent. of the Enlarged Share Capital.

13. General Meeting

The Board is seeking the approval of Shareholders at the General Meeting, *inter alia*, to allot the Second Placing Shares and the Subscription Shares.

Set out at the end of this document is a notice convening the General Meeting to be held on 4 January 2023 the offices of Wedlake Bell LLP at 71 Queen Victoria Street, London EC4V 4AY at 11.00 a.m., at which the Resolutions will be proposed for the purposes of implementing the Second Placing and the Subscription and seeking the Renewal Authorities.

At the General Meeting, the following Resolutions will be proposed:

Resolution 1, which will be proposed as an ordinary resolution, is to authorise the Directors to allot 37,142,857 New Ordinary Shares in connection with the Second Placing and the Subscription provided that such authority shall expire on 31 January 2023.

Resolution 2, which will be proposed as a special resolution and which is conditional upon the passing of Resolution 1, dis-applies Shareholders' statutory pre-emption rights in relation to the issue of the Second Placing Shares and the Subscription Shares provided that such authority shall also expire on 31 January 2023.

Resolution 3 and Resolution 4, which will be proposed as an ordinary resolution and a special resolution respectively but neither of which are conditional on the passing of either of Resolution 1 or Resolution 2, are to authorise the Directors to allot 105,714,281 new Ordinary Shares and to disapply pre-emption rights in respect of such shares, which will renew the annual authorities that were utilised for the First Placing, to enable the Company to allot new Ordinary Shares, to be in place during the period between the date of the General Meeting and the 2023 AGM.

14. Voting intentions

The Second Placing and the Subscription are conditional, *inter alia*, upon the passing of Resolutions 1 and 2 to be proposed at the General Meeting. Shareholders should be aware that if Resolutions 1 and 2 are not approved at the General Meeting, the Second Placing and the Subscription will not proceed and any associated subscription monies in respect of the Second Placing Shares and the Subscription Shares will be returned to investors. The First Placing Shares have been allotted and issued and First Admission has become effective but it is possible that the Second Placing Shares and the Subscription Shares are not allotted and issued and Second Admission does not occur.

The Directors, who between them hold or are beneficially interested in 73,572,000 Ordinary Shares, representing 12.5 per cent. of the Existing Ordinary Shares, have indicated to the Company that they intend to vote or, where relevant, procure that the holder votes, in favour of the Resolutions.

15. Action to be taken

To be valid, a Form of Proxy should be completed, signed and returned so as to be received by Link Group, PXS 1, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL as soon as possible, but in any event so as to be received not later than 11.00 a.m. on 2 January 2023. Please refer to the detailed notes contained in the Notice of General Meeting and the Form of Proxy.

16. Recommendation

The Directors believe that the Fundraising and the passing of the Resolutions are in the best interests of the Company and Shareholders, taken as a whole. Accordingly, the Directors unanimously recommend Shareholders to vote in favour of the Resolutions, as those Directors who hold or are beneficially interested in Ordinary Shares will do in respect of their Ordinary Shares in the Company, representing 12.5 per cent. of the Existing Ordinary Shares.

Yours faithfully

Howard Obee
Chief Executive

PART 2 NOTICE OF GENERAL MEETING

Borders & Southern Petroleum plc

(a company incorporated in England and Wales with registered number 05147938)

NOTICE IS HEREBY GIVEN THAT a general meeting of Borders & Southern Petroleum plc (the "**Company**") will be held at the offices of Wedlake Bell LLP at 71 Queen Victoria Street, London EC4V 4AY at 11.00 a.m. on 4 January 2023 for the purpose of considering and, if thought fit, passing the resolutions set out below (the "**Resolutions**"). Expressions used in this Notice of General Meeting have the meanings given to them in the circular to shareholders of the Company dated 8 December 2022 (the "**Circular**") of which this Notice of General Meeting forms part (unless the context otherwise requires). Resolutions 1 and 3 are proposed as ordinary resolutions and Resolutions 2 and 4 are proposed as special resolutions.

The Resolutions proposed are in addition to the resolutions passed at the Company's annual general meeting on 30 June 2022 (the "**2022 AGM**") and, if passed, will not revoke or replace any unexercised authorities granted to the Directors at the 2022 AGM.

ORDINARY RESOLUTION

1. **THAT**, subject to and conditional upon each of the Placing Agreement and the Subscription Letter becoming unconditional in all respects (save only for Second Admission) and each of the Placing Agreement and the Subscription Letter not being terminated in accordance with its respective terms, and in addition to all existing authorities granted pursuant to section 551 of the Companies Act 2006 (the "**Act**"), the Directors be and are hereby generally and unconditionally authorised for the purpose of section 551 of the Act to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for, or convert any securities into, shares of the Company (such shares, and rights to subscribe for or to convert any security into shares, of the Company being "**relevant securities**") up to an aggregate nominal amount of £371,428.57, provided that this authority shall be limited to:

(a) the allotment of 17,142,857 new ordinary shares of 1 penny each in the capital of the Company in connection with the Second Placing; and

(b) the allotment of 20,000,000 new ordinary shares of 1 penny each in the capital of the Company in connection with the Subscription;

provided that this authority shall expire on 31 January 2023 save that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted, or rights to be granted, after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

SPECIAL RESOLUTION

2. **THAT**, subject to and conditional upon the passing of Resolution 1 above and in addition to all existing authorities granted pursuant to sections 571 and 573 of the Act, the Directors be and are hereby generally and unconditionally empowered pursuant to sections 571 and 573 of the Act to allot equity securities (within the meaning of section 560(1) of the Act) for cash and/or where such allotment constitutes an allotment of equity securities by virtue of section 560(2) of the Act to sell treasury shares, pursuant to the authority conferred by Resolution 1, as if section 561(1) of the Act did not apply to such allotment, provided that the power conferred by this resolution shall be limited to:

(a) the allotment of 17,142,857 new ordinary shares of 1 penny each in the capital of the Company in connection with the Second Placing; and

(b) the allotment of 20,000,000 new ordinary shares of 1 penny each in the capital of the Company in connection with the Subscription;

provided that this authority shall expire on 31 January 2023 save that the Company may at any time before such expiry make an offer or agreement which would or might require equity securities to be allotted (or treasury shares to be sold), or rights to be granted, after such expiry and the Directors may allot equity securities (or sell treasury shares) or grant rights under any such offer or agreement as if the power conferred hereby had not expired.

ORDINARY RESOLUTION

3. **THAT**, in addition to all existing but unexercised authorities granted pursuant to section 551 of the Act, the Directors be and are hereby generally and unconditionally authorised for the purpose of section 551 of the Act to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for, or convert any securities into, shares of the Company (such shares, and rights to subscribe for or to convert any security into shares, of the Company being "**relevant securities**") up to an aggregate nominal amount of £1,057,142.81 provided that this authority shall expire on the commencement of the next annual general meeting of the Company or 30 September 2023, whichever is earlier save that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted, or rights to be granted, after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired

SPECIAL RESOLUTION

4. **THAT**, subject to and conditional upon the passing of Resolution 3 above and in addition to all existing but unexercised authorities granted pursuant to sections 571 and 573 of the Act, the Directors be and are hereby generally and unconditionally empowered pursuant to sections 571 and 573 of the Act to allot equity securities (within the meaning of section 560(1) of the Act) up to an aggregate nominal amount of £1,057,142.81 for cash as if section 561(1) of the Act did not apply to such allotment provided that this authority shall expire on the commencement of the next annual general meeting of the Company or 30 September 2023, whichever is earlier save that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted, or rights to be granted, after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Dated 8 December 2022

By order of the Board of Directors

William John Walton Slack

Company Secretary of Borders & Southern Petroleum plc

Notice of General Meeting

NOTES

The following notes explain your general rights as a shareholder and your right to attend and vote at this General Meeting or to appoint someone else to vote on your behalf.

1. To be entitled to attend and vote at the General Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the Register of Members of the Company at close of trading on 30 December 2022. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.
2. Shareholders, or their proxies, intending to attend the General Meeting in person are requested, if possible, to arrive at the General Meeting venue at least 20 minutes prior to the commencement of the General Meeting at 11.00 a.m. (UK time) on 4 January 2023 so that their shareholding may be checked against the Company's Register of Members and attendances recorded.
3. Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the General Meeting. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that shareholder. A proxy need not be a shareholder of the Company. A form of proxy which may be used to make such appointment and give proxy instructions accompanies this Notice of General Meeting. If you do not have a form of proxy and believe that you should have one, or if you require additional forms, please contact the registrar of the Company whose contact details are provided below.
4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.
6. To be valid, any form of proxy or other instrument appointing a proxy, must be returned by no later than 11.00 a.m. on 2 January 2023 through any one of the following methods:
 - i) in the case of shares held through CREST, via the CREST system (see notes below);
 - ii) by post, courier or (during normal business hours only) hand to the Company's registrar at:
PXS 1
Link Group
Central Square
29 Wellington Street
Leeds LS1 4DL.
7. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies

will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.

8. The return of a completed form of proxy, electronic filing or any CREST Proxy Instruction (as described in note 11 below) will not prevent a shareholder from attending the General Meeting and voting in person if he/she wishes to do so.
9. CREST Members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting (and any adjournment of the General Meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com). CREST Members or other CREST Sponsored Members, and those CREST Members who have appointed a 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.
10. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 11.00 a.m. on 2 January 2023. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent 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.
11. CREST Members and, where applicable, their CREST Sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular message. 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 system 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 Uncertificated Securities Regulations 2001.
12. Unless otherwise indicated on the Form of Proxy, CREST voting or any other electronic voting channel instruction, the proxy will vote as they think fit or, at their discretion, withhold from voting.
13. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.
14. As at 7 December 2022 (being the latest practicable Business Day prior to the publication of this Notice of General Meeting), the Company's ordinary issued share capital consists of 693,671,599 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 7 December 2022 are 693,671,599.

15. Any shareholder attending the General 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 General 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 General Meeting that the question be answered.
16. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice of General Meeting or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

A copy of this Notice, and other information required by section 311A of the Companies Act 2006, can be found on the Company's website at <https://www.bordersandsouthern.com> .