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If you have sold or otherwise transferred all your Ordinary Shares in the Company please forward this document together with the accompanying Form of Proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, such documents should not be distributed, forwarded or transmitted in or into any jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction. If you have sold or otherwise transferred only part of your holding of Ordinary Shares you should retain these documents and consult the person through whom the sale or transfer was effected. This document should not otherwise be distributed or passed on to any other person or be reproduced or published in whole or in part without the prior consent of the Company.

The Placing Shares referred to in this document have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the requirements of the Securities Act. There will be no public offer of the Placing Shares in the United States, the United Kingdom or elsewhere. The Placing Shares are being offered and sold outside the United States in reliance on Regulation S under the Securities Act. The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority, nor have the foregoing authorities passed upon or endorsed the merits of the Placing referred to in this document. Any representation to the contrary is unlawful.

Borders & Southern Petroleum plc

(Incorporated and registered in England and Wales with registered No.5147938)

Placing of 33,892,000 new Ordinary Shares at 84p per share Notice of Extraordinary General Meeting

Lead Manager and Sole Bookrunner



Your attention is drawn to the letter from the Chairman of Borders & Southern Petroleum plc set out on pages 4 to 6 of this document, which contains your Board's recommendation to vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting referred to below.

Notice of the Extraordinary General Meeting of the Company, to be held at 131 Finsbury Pavement, London EC2A 1NT at 2.00 p.m. on Friday 25th May 2012, is set out at the end of this document. You will find attached a Form of Proxy for use at the Extraordinary General Meeting. To be valid, the Form of Proxy should be completed and returned to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU, as soon as possible and in any event so as to be received no later than 2.00 p.m. on Wednesday 23rd May 2012. Completion and return of Forms of Proxy will not preclude the Shareholders from attending and voting at the Extraordinary General Meeting should they so wish.

Mirabaud and Panmure Gordon, which are each regulated by the Financial Services Authority, are acting for the Company and no other person in connection with the Placing. Panmure Gordon's responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to London Stock Exchange and are not owed to the Company or to any Director or to any person in respect of his decision to acquire shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by Mirabaud or Panmure Gordon as to any of the contents of this document and, without limiting the statutory rights of any person to whom this document is issued, no liability whatsoever is accepted by, Mirabaud or Panmure Gordon for the accuracy of any information or opinions contained in this document or for the omission of any material information. Neither Mirabaud nor Panmure Gordon will be offering advice nor will any of them otherwise be responsible for providing client protections to recipients of this document in respect of the Placing.

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EXPECTED TIMETABLE

Latest time and date for receipt of Forms of Proxy	2.00 p.m. on 23 May 2012
Extraordinary General Meeting	2.00 p.m. on 25 May 2012
Admission and dealings in Placing Shares on AIM	8.00 a.m. 29 May 2012
Delivery in CREST of Placing Shares to be held in uncertificated form	29 May 2012

PLACING STATISTICS

Placing Price	84p
Number of Placing Shares	33,892,000
Estimated net proceeds of the Placing	£27.5 million
Number of Ordinary Shares in issue following Admission	484,098,404
Percentage of enlarged issued share capital represented by the Placing Shares	7.0 per cent.
Market capitalisation on Admission at the Placing Price	£406.6 million

DEFINITIONS

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

“AVO”	amplitude versus offset
“Admission”	the admission of the Placing Shares to trading on AIM becoming effective in accordance with rule 6 of the AIM Rules
“AIM”	the AIM Market of the London Stock Exchange
“AIM Rules”	the AIM rules for Companies published by the London Stock Exchange
“Board” or “Directors”	the directors of the Company whose names are set out on page 5 of this document
“Company”	Borders & Southern Petroleum plc
“Companies Act”	the Companies Act 2006
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear UK & Ireland Limited is the operator
“Extraordinary General Meeting”	the extraordinary general meeting of the Company convened by the Notice of Meeting
“Form of Proxy”	the form of proxy accompanying this document for use in connection with the Extraordinary General Meeting
“FSMA”	Financial Services and Markets Act 2000 (as amended)
“Group”	the Company and its subsidiaries
“London Stock Exchange”	London Stock Exchange plc
“Mirabaud”	Mirabaud Securities LLP
“Notice of Meeting”	the notice of the Extraordinary General Meeting set out at the end of this document
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company
“Panmure Gordon”	Panmure Gordon (UK) Limited
“Placing”	the placing of the Placing Shares
“Placing Agreement”	the conditional agreement dated 26 April 2012 between the Company and Mirabaud relating to the Placing
“Placing Price”	84p per Placing Share
“Placing Shares”	the 33,892,000 new Ordinary Shares to be issued pursuant to the Placing
“Prospectus Rules”	the Prospectus Rules made by the UK Financial Services Authority with effect from 1 July 2005 pursuant to Commission Regulation (EC) No. 809/2004, as revised from time to time
“Resolutions”	the resolutions set out in the Notice of Meeting

“Shareholder(s)”

holder(s) of Ordinary Shares

“UK”

the United Kingdom of Great Britain and Northern Ireland

“US\$”

United States dollars

A US\$ exchange rate of £1 = US\$1.62 has been used in this document, being the rate prevailing at 3 May 2012, being the last practicable date before the date of this document.

PART I

LETTER FROM THE CHAIRMAN

Borders & Southern Petroleum plc

(Incorporated and registered in England and Wales with registered No. 5147938)

Directors:

David Harry Williamson Dobson *(Non-executive Chairman)*
Howard Kevin Obee *(Chief Executive)*
Peter William Fleming *(Finance Director)*
Stephen James Douglas Posford *(Non-executive Director)*
Christopher Nigel Hurst-Brown *(Non-executive Director)*

Registered Office:

3 Copthall Avenue
London
EC2R 7BH

8 May 2012

Dear Shareholder

Placing of 33,892,000 new Ordinary Shares and Notice of Extraordinary General Meeting

Introduction

Your Board on 26 April 2012 announced that the Company had conditionally raised approximately £44.9 million (US\$72.7 million) net of expenses through a placing of 55,320,000 new Ordinary Shares at 84p per share. The fundraising was divided into two parts to enable the Company to utilize its existing shareholders' authority to allot shares, and 21,428,000 Ordinary Shares were issued and admitted to trading on AIM on 1 May. The purpose of this document is to provide you with the background to, and further information on, the second part of the fundraising and to convene the Extraordinary General Meeting to seek approval for the Resolutions necessary to effect the Placing.

Background

The Company was formed in June 2004, and was granted five production licences by the Governor of the Falkland Islands over 19,598 square kilometres of the Falkland Plateau sub-basin, southeast of the Falkland Islands, with effect from 1 November 2004.

To date, the Company has fulfilled all work programme obligations of the production licences, having acquired, processed and interpreted 2,862 km of 2D seismic data, 1,492 km of 3D seismic data, as well as having commissioned and completed numerous technical studies.

Having finalised the well engineering for the Darwin East and Stebbing wells, in 2011 we contracted for and in December 2011 mobilized the Leiv Eiriksson drilling rig and exploration well 61/17-1 was spudded on 31 January 2012. The well is located approximately 140 km south of the Falkland Islands.

On 23 April the Company announced a significant gas condensate discovery. Well 61/17-1 was drilled to a total depth of 4876m and came in very close to prognosis. As predicted, the strong AVO anomaly represented a porous sandstone reservoir containing hydrocarbons. Whilst drilling, the well encountered good hydrocarbon shows from 4633m down to 4810m. The main reservoir interval, comprising good quality massive sandstone, was found to be 84.5m thick with net pay of 67.8m. Average porosity for this interval is 22 per cent, with maximum values reaching 30 per cent.

Fluid samples from the reservoir have been recovered and are being brought back to the UK for analysis. Once the lab analysis is complete and the results integrated with other data collected from the well, the Company will be able to comment on the liquid content of the reservoir. It is too early to give an accurate resource estimate, but this large simple structure, with a seismic amplitude anomaly measuring 26 square kilometres, is likely to contain significant volumes. The well has successfully proven a working source rock, good quality reservoir and competent seals in the South Falkland Basin. The Company now intends to complete wireline logging operations, plug and abandon the well in line with regulatory requirements and move to the Stebbing prospect, the second well in the current drilling programme.

Reasons for the Placing and use of the proceeds

The proceeds of the Placing, together with the funds raised on 1 May 2012, are planned to be used to acquire additional 3D seismic within the Company's existing acreage, to enable further analysis of the results of the Darwin East well and for general working capital purposes, including further contingency funds for the forthcoming exploration well on the Stebbing prospect.

Reasons for convening the Extraordinary General Meeting

Section 551 of the Companies Act requires the Company to obtain the authority of its Shareholders before allotting any Ordinary Shares. Section 561 of the Companies Act gives Shareholders certain rights of pre-emption on the issue for cash of new Ordinary Shares. These rights of pre-emption can be disapplied by a special resolution passed pursuant to Section 570 of the Companies Act.

The authorities granted to the Directors at the annual general meeting of the Company on 21 June 2011 are insufficient to allow the Company to undertake all of the fundraising announced on 26 April 2012 and so new additional authorities are being sought to implement the Placing and to allot the Placing Shares.

Details of the Placing

The Company is proposing to raise £27.5 million (US\$44.6 million) (net of expenses) by the issue of the Placing Shares at the Placing Price. The Placing Shares will represent approximately 7.0 per cent. of the enlarged issued share capital of the Company. Mirabaud has conditionally placed the Placing Shares with institutional investors at the Placing Price.

The Placing Shares will, when issued, rank *pari passu* in all respects with the existing Ordinary Shares.

Application has been made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Placing Shares will commence at 8.00 a.m. on 29 May 2012.

The Placing is subject to a number of conditions including (i) the passing of the resolutions to be proposed at the Extraordinary General Meeting, (ii) the Placing Agreement not having been terminated prior to Admission and (iii) Admission.

The Placing has only been made (i) in the UK to persons falling within article 19 and article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and who are also qualified investors for the purposes of section 86 of FSMA and (ii) in other jurisdictions in strict compliance with securities laws applicable therein, and no other person may participate in the Placing or rely on any communication relating to it. The offer of the Placing Shares has not been made to the public for the purposes of the Prospectus Rules. This document does not constitute an offer, or the solicitation of an offer, to subscribe for or buy any of the Placing Shares.

Under the terms of the Placing Agreement, Mirabaud will receive commission from the Company conditional on Admission and the Company will give customary warranties, undertakings and indemnities to Mirabaud in relation to the performance of its duties.

Extraordinary General Meeting

A notice convening the Extraordinary General Meeting to be held on Friday 25 May 2012 at 2.00 p.m. at 131 Finsbury Pavement, London EC2A 1NT is set out at the end of this document. At this meeting resolutions will be proposed as follows:

Resolution 1 – to authorise the Directors to allot the Placing Shares; and Resolution 2 – to disapply statutory pre-emption rights in relation to the Placing.

Action to be taken

A Form of Proxy for use by Shareholders at the Extraordinary General Meeting is enclosed. Whether or not you intend to be present at the meeting, you are requested to complete, sign and return the Form of Proxy as soon as possible in accordance with the instructions printed thereon to the Company's registrar, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU, so as to arrive no later than 2.00 p.m. on 23 May 2012. The completion and return of a Form of Proxy will not affect your right to attend and vote at the Extraordinary General Meeting if you wish.

Recommendation

The Board believes that the Placing is in the best interests of the Company and Shareholders as a whole and is most likely to promote the success of the Company for the benefit of its members. The Directors therefore unanimously recommend that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting, as they intend to do in respect of their own beneficial holdings, which amount in aggregate to 67,899,990 Ordinary Shares (representing approximately 15.1 per cent. of the current issued share capital of the Company).

Yours faithfully

Harry Dobson
Chairman

Borders & Southern Petroleum plc

(Incorporated and registered in England and Wales with registered No. 5147938)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting of Borders & Southern Petroleum plc (the "**Company**") will be held at 131 Finsbury Pavement, London EC2A 1NT at 2.00 p.m. on Friday 25 May 2012 to consider and, if thought fit, to pass the following resolutions, of which Resolution 1 will be proposed as an ordinary resolution and Resolution 2 will be proposed as a special resolution:

ORDINARY RESOLUTION

- 1 THAT**, in addition to all such existing authority, in accordance with section 551 of the Companies Act 2006 (the "**Act**") the directors be and they are hereby generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("**Rights**") up to an aggregate nominal amount of £338,920, provided that this authority shall be limited to the allotment of new ordinary shares of 1p each in the capital of the Company ("**Ordinary Shares**") in connection with the Placing (as defined in the circular to shareholders of the Company accompanying this notice of extraordinary general meeting (the "**Circular**"), and, unless previously renewed, revoked, varied or extended, this authority shall expire at the earlier of the date on which such Ordinary Shares are allotted and the date which is three months from the date of the passing of this resolution, except that the Company may at any time before such expiry make an offer or agreement which would or might require shares to be allotted or Rights granted after such expiry and the directors may allot shares or grant Rights in pursuance of such an offer or agreement as if this authority had not expired.

SPECIAL RESOLUTION

- 2 THAT**, in addition to all such existing power, conditional upon the passing of Resolution 1 above, the directors be and they are hereby empowered pursuant to section 571(1) of the Act to allot shares in the Company or grant Rights for cash pursuant to the authority of the directors conferred by Resolution 1 above 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 the allotment of new Ordinary Shares up to an aggregate nominal amount of £338,920 in connection with the Placing (as defined in the Circular), and, unless previously renewed, revoked, varied or extended, this power shall expire on the expiry of the authority given under Resolution 1 above, except that the Company may at any time before such expiry make an offer or agreement which would or might require shares to be allotted or Rights granted after such expiry and the directors may allot shares or grant Rights in pursuance of such an offer or agreement as if this power had not expired.

Registered Office:

3 Copthall Avenue
London
EC2R 7BH

By order of the Board:
Will Slack

8 May 2012

Notes:

1. A member of the Company entitled to receive notice of, attend, speak and vote at the extraordinary general meeting is entitled to appoint a proxy or proxies to attend, speak and vote instead of him. Such proxy need not be a member of the Company. Completion of a form of proxy does not preclude a member attending the meeting and voting in person if he so wishes. To be valid, the instrument appointing a proxy, together, if appropriate, with a power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such authority, must be deposited at the offices of the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU not less than 48 hours before the time fixed for the holding of the meeting. A prepaid form of proxy accompanies this notice.
2. A member may appoint more than one proxy in relation to the extraordinary general meeting provided that each proxy is appointed to exercise rights attached to a different share or shares held by that member. If you wish to appoint multiple proxies please photocopy the form of proxy, fill in each copy in respect of different shares and send the forms together to the Company's registrars in accordance with note 1 above.
3. CREST members who wish to appoint a proxy or proxies by using the CREST electronic appointment service may do so by using the procedures described in the CREST manual. To be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must be transmitted so as to be received by Capita Registrars whose CREST participant ID is RA10, by no later than 2.00 p.m. on 23 May 2012.
4. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members of the Company in order to have the right to receive notice, attend, speak and vote at the extraordinary general meeting (and for the purposes of the determination by the Company of the numbers of votes they may cast) is 6.00 p.m. on 23 May 2012 or 48 hours before the time of adjournment of the meeting. The rights of members to attend and vote at the meeting will be determined by references to entries on the register of members as at 6.00 p.m. on 23 May 2012. Changes to entries on the register of members of the Company after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.
5. In the case of joint holders, the signature of only one of the joint holders is required on the form of proxy, but the vote of the first named on the register of members will be accepted to the exclusion of the other joint holders.
6. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.