

ENEGI OIL PLC  
AIM ticker: 'ENEG'  
OTC ticker: 'EOLPF'

9 October 2015

## **Enegi Oil Plc ("Enegi" or "the Company")**

### **Posting of Circular and Notice of General Meeting**

Enegi announces that it has today posted a Circular to Shareholders containing a Notice of General Meeting at which resolutions will be proposed in order to approve a reorganisation of the Company's shares, to adopt new Articles of Association, to grant the Company's Directors authority to issue and allot equity securities of the Company up to an aggregate nominal value of £1,800,000 for cash (£180,000 for cash if the resolution on reorganisation is passed) without being required to offer those equity securities on a pre-emptive basis and to change the name of the Company to "Nu-Oil and Gas plc".

The resolutions, further details of which are set out below, are being proposed by the Directors in order to implement the business model, execute transactions and develop the business. In particular, the proposals will, *inter alia*, provide the Company with additional flexibility should it require to raise capital in the future. The Directors believe that the proposals are in the best interests of the Company and its Shareholders as a whole and recommend that you vote in favour of the resolutions to be proposed at the General Meeting, as they intend to do in respect of their aggregate beneficial holdings.

The General Meeting is to be held at the Fairclough Suite, Midland Hotel, Peter St, Manchester, M60 2DS on 26 October 2015 at 10.30am.

A copy of the Circular is available on the Company's website at [www.enegioil.com](http://www.enegioil.com).

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Proposed Share Capital Reorganisation  
Proposed adoption of new Articles of Association  
Proposed increase of Shareholder Authorities  
Proposed Change of Name to Nu-Oil and Gas plc  
and  
Notice of General Meeting

The Company announced today a series of proposals, namely, the Reorganisation, change of company name, adoption of new Articles of Association, and certain other related matters to be proposed at the General Meeting (together, the “Proposals”). The Directors are considering the future development of the Company and its group. It is envisaged that any future transactions, being acquisitions, fundraisings, or, any other corporate activity, may require the issue of new shares.

As the Shareholders may be aware, the Existing Ordinary Shares are trading below the nominal value of such shares. The issue of shares at a price which is less than the current nominal value is prohibited by English law. At present, the issued ordinary share capital of the Company consists of 189,792,348 Ordinary Shares of 1 pence each.

The Reorganisation is subject to the approval of Existing Shareholders at the General Meeting to be held on 26 October 2015, further details of which are set out in the document posted to Shareholders today in connection with the Proposals (the “Circular”). Subject to such approval being obtained, the Reorganisation is expected to become effective on 26 October 2015.

The Company is also proposing, subject to approval of Shareholders, that the Existing Articles be amended to allow for the Reorganisation to be put in place (if approved).

The purpose of the Circular is to provide Shareholders with the background to and to explain why the Board considers the Proposals to be in the best interests of the Company and Shareholders as a whole and why they recommend that Shareholders should vote in favour of the Resolutions to be proposed at the General Meeting, as the Directors intend to do in respect of their own beneficial holdings.

#### **Background to and reasons for the proposals**

Enegi Oil plc. (‘Enegi’ or the ‘Company’) has spent the last three years exploring the options for the application of low cost technology on marginal fields. The Management’s rationale is that they believe that the risks of participating in exploration and/or appraisal activities are generally too high for most smaller oil and gas companies.

Consequently, management decided to focus its attentions on development activities, and in particular the development of marginal and stranded fields as an area of the market where lower risk opportunities exist.

As basins mature, only small and isolated fields remain undeveloped because the application of traditional development solutions make them either uneconomic or uncompetitive against larger projects within a portfolio where there is competition for capital. Collectively, we have called these fields ‘marginal’. These marginal fields represent large potential production for the Company, as in

many cases, there is no exploration risk as these fields have previously been discovered and produced.

The Directors' believe that in order to make marginal fields attractive for development it is necessary to find a development solution that allows them to compete for capital against other projects. As the revenue from marginal field developments is often smaller than other projects then the only way to make them competitive is to reduce the costs associated with the development of marginal fields.

The Company's business model is to identify development solutions that can reduce costs, acquire the ability to utilise those solutions and then to leverage the benefit that is gained from applying the solution to acquire interests in projects that are effectively undervalued because the current interest holders do not have access to the solution that the Company can provide.

The fall in oil price has had a strong positive impact upon the application of the business model. Discussions with operators in a time of high oil price focused on small fields that were often considered to be immaterial within an oil company's portfolio. However, since the fall in oil price, larger assets, that have strategic implications for organisations, have become uneconomic forcing more focus to be placed upon the cost of development and identifying low cost solutions. Consequently, it is management's belief that the business model is of greater relevance in the current oil price environment.

In order to implement the business model Enegi acquired a 50% interest in ABT Oil and Gas Ltd. ('ABTOG'). ABTOG has developed flexible, cost-effective solutions which can be adapted for a number of potential applications across the asset lifecycle including early production systems, end of life solutions, single field or cluster developments. Investment was made in validating technology and field economics and in communicating the potential strategy to the wider market.

Whilst ABTOG's business model is to create value by applying these cost effective solutions, Enegi's role is to provide capital for the development of the field, to deliver returns through traditional field equity arrangements including farm-ins and overrides as appropriate.

Consequently, Enegi makes its returns from the uplift in value generated by the provision of the solution, or in the longer term the profits generated from the development of the field. It also expects to generate returns from the growth in value of ABTOG and any dividends that ABTOG may issue to shareholders.

In order to ensure that ABTOG can deliver the solutions that it offers and to ensure that operators and field owners believe that is the case, ABTOG has built and is a member of the Marginal Field Delivery Consortium ('MFD Consortium'). The MFD Consortium brings together major industry players who will work with ABTOG, providing a group of companies which possess all the requisite expertise and experience to deliver projects. More information on the MFD Consortium can be found at [www.mfdconsortium.com](http://www.mfdconsortium.com).

The MFD Consortium leverages the experience and expertise of its members and applies innovative and proven 'normally unattended' solutions to reduce capital and operational expenditures significantly in order to deliver stranded projects. The effect is to ensure that each area of the project has dedicated expertise by a company that is more heavily invested in the project through its desire to continue the Consortium's success and the benefits that they get from their involvement in it.

- The MFD Consortium's members and their roles are as follows:
  - Kongsberg Maritime: Control and automation systems for 'normally unattended' operations
  - Arup: ACE platform and project management
  - RMRI: Managing regulatory aspects for 'normally unattended' operations

- Frames: Process & utility design for 'normally unattended' solutions
- Braemar Shipbroking: Facility financing, yard broker and assisting with project acquisition
- Apollo: NU-SIFT structural engineering
- AGR: Drilling management and well design services
- The objectives of the solutions that the Consortium offers are very clear and proven. They are to:
  - Reduce Opex via 'Normally Unattended' operations. Frames, Kongsberg and RMRI are the key strategic members in delivering that performance; and
  - Reduce Capex by innovation and proven design in a 'mature technology sector'. Arup with their 'ACE' design, Apollo with ongoing work on NU-SIFT refinements and buoyant technology will identify and facilitate achieve cost savings.

With Braemar, AGR and ABTOG identifying and evaluating the opportunities, the 'modus operandi' of the Consortium becomes very clear.

There are hundreds of marginal fields and ABTOG's solutions are suitable for a large proportion of those, although the investment required for some small fields will never be justified when the risks are assessed. The proportion that the Company can target is very significant and can be classified as:

- Already producing late-field life projects where the aim is to recover more reserves and defer decommissioning costs;
- Pre-production, early-field life projects where the aim is to reduce investment risk in the early stages of a project through incremental development; and
- Small field developments where initial assessment indicates ABTOG's solutions can unlock the value of fields that were previously considered to be 'stranded'.

Enegi will work to identify, acquire and develop projects that have material unrealised value. Already a number of projects have been identified and negotiations are under way.

In order to implement the business model, execute transactions and develop the business the Company may require additional capital and therefore requires an increase in the authority it received at the last Annual General Meeting and hence the Board are seeking an extension to their authority to issue shares as set out in Resolutions 2 and 5 of the Notice of General Meeting contained in the Circular (the "Notice").

### **Summary of the Reorganisation**

Under the Act a company is unable to issue shares at a subscription price which is less than their nominal value. The par value of the Existing Ordinary Shares is 1 pence, and the current market price as at close of trading on 7 October 2015 (being the last practicable date prior to publication of the Circular) was 0.6 pence. This, together with market conditions generally, makes it impossible for the Company to raise new equity capital at a minimum subscription price of 1 pence per share or more.

It is therefore proposed that the Existing Ordinary Shares will be sub-divided into one New Ordinary Share with a nominal value of 0.1 pence and one Deferred Share with a nominal value of 0.9 pence.

As the New Ordinary Shares will have a lower nominal value than the Existing Ordinary Shares the Company will be able to effect transactions or to raise money at a lower price in the future.

The percentage of New Ordinary Shares held by each Shareholder following the Reorganisation will be the same as the percentage of Existing Ordinary Shares held by them on the Reorganisation

Record Date, but this proposal will allow future share issues to take place, assuming that the share price of the Company does not fall below the new nominal value.

In the event that the Reorganisation is approved it will be necessary to amend the Existing Articles to include the rights attaching to the Deferred Shares.

Subject to the passing of the Resolutions, each Existing Ordinary Share will be sub-divided into one New Ordinary Share and one Deferred Share.

The rights attaching to the New Ordinary Shares will, apart from the change in nominal value and therefore the entitlement of Shareholders in respect of a return of capital arising from them, be identical in all respects to those of the Existing Ordinary Shares.

The rights attaching to the Deferred Shares will be as set out in the New Articles, and as described in Resolution 1 of the Notice.

The Reorganisation is subject to the Existing Articles being amended in accordance with either of Resolution 4 or 4B.

Application will be made for the New Ordinary Shares (but not, for the avoidance of doubt, the Deferred Shares) arising from the Reorganisation to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on 27 October 2015.

### **Change of name**

Subject to Shareholder approval by way of special resolution (requiring 75 per cent. approval of Shareholders voting at the General Meeting), it is proposed that the name of the Company be changed to "Nu-Oil and Gas plc". The Directors are proposing a change of name to reflect the future focus of the business. Resolution 6 is proposed for the purposes of obtaining Shareholders' approval for the proposed name change. If the special resolution to approve the change of name of the Company is passed at the General Meeting, the Company's website address will be changed following the General Meeting (<http://www.nuoilandgas.com>).

### **New Articles**

It is proposed that the New Articles be adopted in order to (i) include the rights attaching to the Deferred Shares; (ii) record the proposed name change; and (iii) bring the Existing Articles up to date in line with the provisions of the Act.

The amendments to the Existing Articles are dealt with by Resolution 4 in the Notice. There are three options as follows:

**Resolution 4** – this assumes that (i) the Reorganisation is approved and (ii) the adoption of new articles which are compliant with the Act is approved. The New Articles marked "Resolution 4" include the rights attaching to the Deferred Shares (as is required by the Reorganisation) and also updated provisions required in line with the Act. In the event that Resolution 1 approving the Reorganisation is not approved, Resolution 4 will be withdrawn.

**Resolution 4A** – this assumes that (i) the Reorganisation is not approved but (ii) the adoption of new articles which are compliant with the Act is approved. The New Articles marked "Resolution 4A" are the same as the New Articles marked "Resolution 4", save that they do not include any reference to the Deferred Shares. In the event that Resolution 1 approving the Reorganisation is approved, Resolution 4A will be withdrawn.

**Resolution 4B** – this assumes that (i) the Reorganisation is approved but (ii) the adoption of new articles which are compliant with the Act is not approved. Resolution 4B inserts a provision setting out the rights attaching to the Deferred Shares (as is required by the Reorganisation) into the Existing Articles, but makes no other changes other than to delete the Article setting out the

authorised share capital – the Act no longer recognises the concept of authorised share capital. In the event that Resolutions 1 and 4 approving the Reorganisation and the New Articles marked “Resolution 4A” are approved, Resolution 4B will be withdrawn.

The principal changes introduced in the New Articles (both with and without the rights attaching to the Deferred Shares as proposed by Resolutions 4 and 4A) are summarised below. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Act have not been noted in the Circular.

A copy of the New Articles (both with and without the rights attaching to the Deferred Shares as proposed by Resolutions 4 and 4A) will be available free of charge by written request to the Company’s registered office up until the date of the General Meeting. They will also be available for inspection on the Company’s website at the following [http://www.enegioil.com/articles\\_of\\_association.php](http://www.enegioil.com/articles_of_association.php)

**The main changes in the New Articles are as follows:**

### ***The Company’s objects***

The provisions regulating the operations of the Company are currently set out in the Company’s memorandum and articles of association. The Company’s memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The Act significantly reduces the constitutional significance of a company’s memorandum of association. The Act provides that a memorandum will record only the names of the original subscribers and the number of shares each subscriber has agreed to take in the company. Under the Act the objects clause and all other provisions which are currently contained in a company’s memorandum, are now deemed to be contained in a company’s articles of association unless a company passes a special resolution to the contrary.

Further, the Act states that, unless a company’s articles provide otherwise, a company’s objects are unrestricted. This abolishes the need for companies to have objects clauses. The Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Act, are to be treated as forming part of the Company’s articles of association to allow it to have the widest possible scope for its activities. Resolutions 4 and 4A confirm the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company’s memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

### ***Change of name***

Currently, a company can only change its name by special resolution. Under the Act a company is able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the directors to pass a resolution to change the Company’s name.

### ***Authorised share capital and unissued shares***

The Act abolishes the requirement for a company to have an authorised share capital. The New Articles do not provide for an authorised share capital and so a consequence of Resolution 4, 3A or 3B would be the removal of this limitation from the Company’s constitution.

Directors will still be limited as to the number of shares they can at any time allot because an allotment authority continues to be required under the Act, save in respect of employee share schemes.

### **General**

Generally, the opportunity has been taken to update some of the language and drafting in the New Articles with the intention of making the drafting of some of the existing provisions clearer.

### **Taxation**

The following summary is intended as a general guide only and relates only to the UK taxation treatment of the Reorganisation. It is based on current UK tax legislation and the practice of HMRC (which may not be binding on HMRC) and relates only to the position for Shareholders who are beneficial owners of their Existing Ordinary Shares, who hold their Existing Ordinary Shares as an investment (other than under an individual savings account) and who are resident, and if an individual, domiciled and resident, in the United Kingdom for taxation purposes. The following summary does not apply to Shareholders who have (or are deemed to have) acquired their shares by virtue of an office or employment. Such Shareholders should consult their own appropriate professional advisers.

Shareholders who are in any doubt about their tax position, or who are subject to tax in any jurisdiction other than the UK, should consult their own appropriate professional advisers.

It is expected that for the purposes of UK taxation on chargeable gains the Reorganisation will be treated as follows:

to the extent that a Shareholder ultimately receives New Ordinary Shares and Deferred Shares, the Shareholder should not be treated as making a disposal of all or part of the Shareholder's holding of Existing Ordinary Shares by reason of the Reorganisation being implemented, and the Reorganisation may be treated as a reorganisation of the share capital of the company for capital gains tax purposes such that the New Ordinary Shares and Deferred Shares which replace a Shareholder's holding of Existing Ordinary Shares as a result of the Reorganisation will be treated as the same asset acquired at the same time as the Shareholder's holding of Existing Ordinary Shares was acquired; and

on a subsequent disposal of the whole or part of the New Ordinary Shares arising from the Reorganisation, a Shareholder may, depending on his or her individual circumstances (including the availability of exemptions, reliefs and allowable losses), be subject to tax on the amount of any chargeable gain realised. Any chargeable gain or allowable loss on a disposal of the New Ordinary Shares should be calculated taking into account a proportion of the allowable cost to the holder of acquiring his or her Existing Ordinary Shares based on an apportionment of the allowable expenditure for his or her Existing Ordinary Shares by reference to the market value of the New Ordinary Shares and Deferred Shares on the date of disposal. The Deferred Shares should be regarded as not having any material value and hence it is expected that all of a Shareholder's allowable cost of acquiring his or her Existing Ordinary Shares should be apportioned to his or her holding of New Ordinary Shares.

No UK stamp duty or stamp duty reserve tax will be payable by Shareholders as a result of the Reorganisation.

The information above is intended only as a general guide to the current tax position under UK law. If you are in any doubt about your tax position you should seek independent professional tax advice.

### **General Meeting**

A notice of General Meeting of Enegi Oil plc to be held at Fairclough Suite, Midland Hotel, Peter St, Manchester, M60 2DS on 26 October 2015 at 10.30a.m. is set out at the end of the Circular. At the General Meeting the following Resolutions will be proposed:

<b>Resolution 1</b>	To approve the Reorganisation.
<b>Resolution 2</b>	To grant the Company's Directors authority to allot shares.
<b>Resolution 3</b>	To delete all of the provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Act, are to be treated as provisions of the Company's Existing Articles.
<b>Resolutions 4, 4A and 4B</b>	To adopt the New Articles.
<b>Resolution 5</b>	To disapply statutory pre-emption rights on allotment of shares.
<b>Resolution 6</b>	To change the name of the Company to "Nu-Oil and Gas plc".

### **Action to be taken in relation to the General Meeting**

A Form of Proxy for use by Shareholders in connection with the General Meeting is included with the Circular. You can vote on the Resolutions by completing, signing and sending the Form of Proxy to Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY. A reply paid envelope is included with the Circular.

If you have any questions on the Reorganisation, please call Computershare Investor Services Plc, on 0370 703 6365, or, if calling from (overseas on +44 370 703 6365). Lines are open 9.00 a.m. to 5.00 p.m., Monday to Friday. The helpline cannot provide advice on the merits of the Reorganisation nor give any financial, legal or tax advice.

### **Recommendation**

The Directors believe that the Proposals are in the best interests of the Company and its Shareholders as a whole and recommend that you vote in favour of the Resolutions to be proposed at the General Meeting, as they intend to do in respect of their aggregate beneficial holdings amounting, as at 7 October 2015, being the latest practicable date prior to the publication of the Circular, to 7,608,911 Existing Ordinary Shares which are equivalent to approximately 4.01 per cent. of the Company's existing issued share capital.

### **Expected Timetable of Principal Events**

<i>Event</i>	<i>Date</i>
Publication and posting of the Circular and Form of Proxy	9 October 2015
Last time and date for receipt of Form of Proxy	10.30 a.m. on 23 October 2015
General Meeting	10.30 a.m. on 26 October 2015
Announcement of results of the General Meeting	26 October 2015
Reorganisation Record Date	5.00 p.m. on 26 October 2015
Admission and dealings in the New Ordinary Shares to commence following the Reorganisation	27 October 2015
CREST accounts credited with New Ordinary Shares	27 October 2015
Definitive share certificates for the New Ordinary Shares to be dispatched (if appropriate) by	30 October 2015

## Definitions

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

<b>“Act”</b>	the Companies Act 2006 (as amended)
<b>“Admission”</b>	admission to trading on AIM of the New Ordinary Shares in accordance with the AIM Rules
<b>“AIM”</b>	the AIM Market operated by the London Stock Exchange plc
<b>“AIM Rules”</b>	the AIM Rules for Companies published from time to time by the London Stock Exchange plc
<b>“Board” or “Directors”</b>	the directors of the Company, as at the date of this document, whose names are set out on page 6 of this document
<b>“Company” or “Enegi”</b>	Enegi Oil plc
<b>“Computershare”</b>	Computershare Investor Services Plc
<b>“CREST”</b>	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001 No 3875)) for the paperless settlement of trades and the holding of uncertificated securities, operated by Euroclear, in accordance with the same regulations
<b>“Deferred Shares”</b>	the deferred shares of 0.9 pence each in the capital of the Company arising from the Reorganisation
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>“Existing Articles”</b>	the articles of association of the Company as at the date of this document
<b>“Existing Ordinary Share(s)”</b>	the 189,792,348 Ordinary Shares of 1 pence each in issue at the date of this document
<b>“Existing Shareholder(s)”</b>	holder(s) of Existing Ordinary Shares
<b>“Form of Proxy”</b>	the form of proxy enclosed with this document for use by holders of Existing Ordinary Shares in connection with the General Meeting
<b>“General Meeting”</b>	the General Meeting of the Company to be held at Fairclough Suite, Midland Hotel, Peter St, Manchester, M60 2DS, at 10.30 a.m. on 26 October 2015 (or any adjournment thereof), notice of which is set out at the end of this document
<b>“HMRC”</b>	Her Majesty’s Revenue & Customs
<b>“New Articles”</b>	The amended articles of association which it is proposed are adopted pursuant to Resolutions 4, 4A or 4B (as the case may be) set out in the Notice
<b>“New Ordinary Share(s)”</b>	the new ordinary shares of 0.1 pence each arising

	from the Sub-division
<b>“Notice”</b>	the notice of General Meeting set out at the end of the Circular
<b>“Ordinary Shares”</b>	ordinary shares of 1 pence each in the capital of the Company
<b>“Registrars”</b>	Computershare Investor Services Plc
<b>“Reorganisation Record Date”</b>	the record date for the Reorganisation being 5.00 p.m. on 26 October 2015
<b>“Reorganisation”</b>	the proposed Sub-division
<b>“Resolutions”</b>	the resolutions set out in the Notice
<b>“Shareholder(s)”</b>	a holder of shares in Enegi
<b>“Sub-division”</b>	the proposed sub-division of each Existing Ordinary Share into one New Ordinary Share and one Deferred Share