

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. It contains the resolutions to be voted on at an extraordinary general meeting of Cove Energy Plc to be held on 5 October 2009 (the “EGM”). If you are in any doubt about the contents of this document or the action you should take you should consult an independent adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all of your Ordinary Shares of 1 pence each (“Ordinary Shares”) in Cove Energy Plc (the “Company”), please send this document, together with the accompanying form of proxy (the “Form of Proxy”), to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred some of your Ordinary Shares in the Company, you should consult with the stockbroker, bank or other agent through whom the sale or transfer was effected.



(Incorporated and registered in England and Wales with registered no.4994974)

**Notice of Extraordinary General Meeting
Increase of Share Capital
Authorities to Issue Securities
Adoption of new Articles of Association
and
Adoption of Share Option Schemes**

Your attention is drawn to the letter from the Chairman of the Company which is set out in this document and which recommends you vote in favour of the resolutions to be proposed at the EGM referred to below.

The notice of EGM to be held at 10.00 a.m. on 5 October 2009 at the offices of Lawrence Graham LLP, 4 More London Riverside, London SE1 2AU, is set out at the end of this document (the “Notice of EGM”). The accompanying Form of Proxy for use in connection with the EGM should be completed by the holders of Ordinary Shares (the “Shareholders”) and returned as soon as possible but, in any event, so as to be received by the Company’s registrars, Computershare Investor Services (Ireland) Limited, PO Box 954, Dublin 18, Ireland by no later than 10.00 a.m. on 3 October 2009. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting at the EGM should they so wish.

This document does not constitute or form part of any offer or invitation to purchase, subscribe for or sell any shares or other securities in the Company nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with any contract therefor.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document and/or the accompanying Form of Proxy comes should inform themselves about and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

DEFINITIONS

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

“1985 Act”	the Companies Act 1985 (as amended)
“2006 Act”	the Companies Act 2006
“Admission Document”	the document, drawn up in accordance with the AIM Rules
“AIM”	the market of that name operated by London Stock Exchange plc
“AIM Rules”	the AIM Rules for Companies, which sets out the rules and responsibilities for companies listed on AIM, as amended from time to time
“Artumas”	Artumas Group Inc., a company registered in Canada under registered number 884594516
“Board” or “Directors”	the board of Directors of the Company
“Call Option Agreement”	the exclusivity and call option agreement dated 21 July 2009 between the Option Holders and Artumas in relation to the acquisition of certain assets
“Company” or “Cove Energy”	Cove Energy plc
“EGM”	the extraordinary general meeting of the Company convened for 5 October 2009 by the notice set out at the end of this document (and any adjournment thereof)
“Extended Option”	as defined on page 3 of this document
“Form of Proxy”	the accompanying form of proxy for use by Shareholders in relation to the EGM
“Key Individuals”	non-executive directors and consultants of the Company or any of its subsidiaries
“M&P”	Les Etablissements Maurel & Prom, a company organised under the laws of France
“Memorandum”	the Company’s memorandum of association
“New Articles”	the new articles of association proposed to be adopted by the Company at the EGM
“Notice of EGM”	the notice of EGM, set out at the end of this document
“Option Holders”	together the Company and M&P
“Ordinary Shares”	ordinary shares of 1 pence each in the capital of the Company
“Placing”	the proposed placing by the Company of new Ordinary Shares
“Resolutions”	the resolutions set out in the Notice of EGM
“Shareholders”	the persons who are registered as the holders of Ordinary Shares
“Share Option Schemes”	the Company’s Unapproved Share Option Scheme and the Company’s Unapproved Executive Share Option Scheme proposed to be adopted by the Company pursuant to the passing of the relevant Resolutions at the EGM

LETTER FROM THE CHAIRMAN OF COVE ENERGY PLC

COVE ENERGY PLC

(Incorporated and registered in England and Wales with registered number 4994974)

Directors:

Michael Blaha (*Non-Executive Chairman*)

John Craven (*Chief Executive Officer*)

Ivan B. Murphy (*Non-Executive Director*)

Registered Office:

22 Grafton Street

London W1S 4EX

11 September 2009

Dear Shareholder

Notice of Extraordinary General Meeting

1. Extraordinary General Meeting

This document is being sent to you in connection with the proposed grant of the Directors' authorities to issue Ordinary Shares together with a disapplication of pre-emption rights under the 2006 Act; the adoption of the New Articles; and the approval of the Share Option Schemes. This document explains why the Company is seeking such Resolutions and provides you with information to enable you to exercise your vote at the forthcoming EGM to be held on 5 October 2009 at 10.00 a.m. at the offices of Lawrence Graham LLP, 4 More London Riverside, London SE1 2AU. The Notice of EGM is set out at the end of this document.

2. Background

The Company announced on 22 July 2009 that it had jointly with M&P entered into the Call Option Agreement to acquire from Artumas:

- a 51 per cent. participating interest in all petroleum operations other than exploration assets and a 63.75 per cent. interest in exploration operations in Mnazi Bay, Tanzania;
- a 34 per cent. participating interest in an onshore area of over 15,000 sq km in the Rovuma Delta, Mozambique; and
- an 8.5 per cent. participating interest in an offshore area of over 11,000 sq km in the Rovuma Delta, Mozambique.

The Company further announced on 18 August 2009 that together with M&P it had negotiated an extension to and amendment of the Call Option Agreement pursuant to which the call option and exclusivity period had been extended until 18 September 2009 (the "Extended Option"). Under the terms of the Extended Option, the Option Holders have been granted:

- a further 3.6 per cent. participating interest in Artumas' petroleum operations other than exploration assets in Mnazi Bay, Tanzania (increasing Cove's and M&P's aggregate potential interest from 51 per cent. to 54.6 per cent.) and a further 4.5 per cent. interest in exploration operations in Mnazi Bay, Tanzania (increasing Cove and M&P's aggregate potential interest from 63.75 per cent. to 68.25 per cent.); and
- a reduction in Artumas' royalty on the offshore Mozambique asset from 0.85 per cent. to 0.544 per cent.

The Option Holders may together exercise the Extended Option at any time up to and including 18 September 2009. The press announcements released on 22 July 2009 and 18 August 2009 can be found on the Company's website: www.cove-energy.com. In the event that the Option Holders exercise the Extended Option, within the specified time period, they will be obliged to purchase the assets described above, conditional upon the satisfaction of certain conditions. The acquisition of the assets will constitute a reverse takeover under the AIM Rules and a new Admission Document will need to be published by the Company and sent to all Shareholders and their approval sought at a further extraordinary general meeting. On 18 August 2009 the Company's Ordinary Shares were temporarily suspended from trading on AIM, pending publication by the Company of such new Admission Document which is expected

shortly. The new Admission Document will include details of the proposed fundraising which will be undertaken so as to provide Cove Energy with sufficient working capital for its ongoing requirements. The Board expects that the temporary suspension of Cove Energy's Ordinary Shares from trading on AIM will be lifted and dealings will recommence shortly after the publication of the Admission Document.

3. Directors' authorities to issue securities and a disapplication of pre-emption rights

On exercise of the Extended Option the Company will need to undertake a fundraising, by way of a Placing, in order that it has sufficient working capital to acquire and develop the assets described above. Further details regarding the Placing including the placing price and the amount of placing shares to be issued will be published in the Admission Document. The Placing will be conditional upon the Shareholders approving the proposed acquisition at the further extraordinary general meeting (notice of which will be set out in the Admission Document). In the event that Shareholders do not approve the acquisition then the Placing will not proceed. However, the Directors believe that in order to expedite the Placing timetable it would be prudent to seek Shareholder authority now in relation to the allotment of such Ordinary Shares and the corresponding disapplication of pre-emption rights. In addition, the Directors consider that at the EGM it would also be appropriate to seek new general share issuance authorities, in replacement for all authorities previously granted at the annual general meeting of the Company held on 2 July 2009. Further information regarding the Resolutions is set out at paragraph 6 of this document.

4. Adoption of New Articles and amendment to the Memorandum

As a consequence of certain provisions of the 2006 Act which will come into force on 1 October 2009 and provisions that have come into force in the last two years, the Directors propose that the New Articles should be adopted which reflect the provisions of the 2006 Act. Copies of the New Articles will be available from the Company's registered office from the date of the Notice of the EGM until the date of the EGM and at the place of the EGM for at least 15 minutes prior to and until the conclusion of the EGM. A summary of what the Directors regard as the key provisions of the New Articles is set out at Appendix 1 to this document.

As from 1 October 2009, the 2006 Act provides that any provisions within the Memorandum relating to authorised share capital will be deemed to be a provision of a company's articles of association, although a company may remove these provisions by ordinary resolution. In addition, the 2006 Act abolishes the requirement for a company to have an authorised share capital and accordingly the Company is proposing that the New Articles do not contain any reference to authorised share capital. The Directors will still be limited as to the amount of shares that they can allot at any time because allotment authority continues to be required under the 2006 Act, save in respect of employee share schemes.

5. Approval of the Share Option Schemes and Directors authority to allot options and disapply pre-emption rights

The Board wishes to incentivise employees, executive directors and Key Individuals by granting them options over Ordinary Shares. The Company proposes adopting, subject to Shareholder consent, two new share option schemes, one for employees and executive Directors (the Company's "Unapproved Executive Share Option Scheme") and the other for non-executive Directors and consultants (the Company's "Unapproved Share Option Scheme"). The key terms relating to the Share Option Schemes are set out at Appendix 2 to this document.

Following adoption of the Share Option Schemes it is proposed that no further options over Ordinary Shares will be granted under the Company's current share option scheme, which was approved by the Company on 21 January 2004 (the "Old Scheme"). There are 195,000 outstanding options to acquire Ordinary Shares under the Old Scheme.

To the extent necessary to grant options under the Share Option Schemes, the Directors are also seeking authority, pursuant to the 2006 Act, to grant options up to a nominal amount of £308,000 and also corresponding disapplication of pre-emption rights under the 2006 Act up to a nominal amount of £308,000. The Company envisages that the number of Ordinary Shares which may be issued under both of the Share Option Schemes shall not in aggregate exceed 10 per cent. of the Company's issued share capital from time to time.

6. Resolutions

The Resolutions will be proposed as follows:

Resolution 1 will be proposed as a special resolution to adopt the New Articles in place of the current articles of association.

Resolution 2 will be proposed as an ordinary resolution to adopt the Unapproved Share Option Scheme.

Resolution 3 will be proposed as an ordinary resolution to adopt the Unapproved Executive Share Option Scheme.

Conditional upon the passing of Resolution 1, Resolution 4 will be proposed as an ordinary resolution to authorise the Directors pursuant to section 551 of the 2006 Act to allot generally Ordinary Shares or grant rights to subscribe for or convert any securities into Ordinary Shares as follows:

- (a) up to an aggregate nominal amount of £2,500,000 in connection with the Placing;
- (b) up to an aggregate nominal amount of £308,000 in relation to the grant of options pursuant to the Unapproved Share Option Scheme;
- (c) an aggregate nominal amount of £924,000, in addition to the authorities at (a) and (b) above.

This authority will expire at the earlier of the next annual general meeting to be held in 2010 or 30 June 2010.

Section 551 of the 2006 Act comes into force on 1 October 2009 and replaces the provisions of section 80 of the 1985 Act which dealt with circumstances where directors may be generally granted authority to allot shares.

Conditional upon the passing of Resolutions 1 and 4, Resolution 5 will be proposed as a special resolution to empower the Directors pursuant to section 570 of the 2006 Act to allot equity securities (as defined within the 2006 Act) for cash otherwise on a pro rata basis:

- (a) where a pro rata offer has effectively been made, but subject to exclusions or arrangements to avoid logistical, regulatory or legal issues;
- (b) up to an aggregate nominal amount of £2,500,000 in connection with the Placing;
- (c) up to an aggregate nominal amount of £308,000 in relation to the grant of options pursuant to the Unapproved Share Option Scheme;
- (d) an aggregate nominal amount of £643,000, in addition to the authorities at (a), (b) and (c) above.

This authority will expire at the earlier of the next annual general meeting to be held in 2010 or 30 June 2010.

Section 570 of the 2006 Act comes into force on 1 October 2009 and replaces the provisions of section 95 of the 1985 Act which dealt with circumstances where directors may be generally granted authority to allot shares subject to the disapplication of pre-emption rights.

The Notice of EGM is contained at the end of this document and sets out the Resolutions in full. The EGM is to be held at the offices of Lawrence Graham LLP, 4 More London Riverside, London SE1 2AU at 10.00 a.m. on 5 October 2009.

7. Action to be Taken

Enclosed with this document is a Form of Proxy for use at the EGM. Whether or not you intend to be present at the meeting, you are requested to complete, sign and return the Form of Proxy to the Company's registrars, Computershare Investor Services (Ireland) Limited, PO Box 954, Dublin 18, Ireland so as to be received as soon as possible and, in any event, not later than 10.00 a.m. on 3 October 2009. If you complete and return the Form of Proxy, you may still attend and vote at the EGM should you wish to do so.

8. Recommendation

The Directors consider that the Resolutions are in the best interests of the Company and its Shareholders as a whole and accordingly recommend that Shareholders vote in favour of the Resolutions, as they intend to do in respect of their own legal and/or beneficial shareholdings, amounting in aggregate to 3,866,666 Ordinary Shares (representing approximately 6.6 per cent. of the current issued share capital of the Company). The Company has also received irrevocable undertakings from Shareholders holding in aggregate 25,915,164 Ordinary Shares (representing approximately 44.41 per cent. of the current issued share capital of the Company) agreeing to vote in favour of the Resolutions.

Yours sincerely

Michael Blaha
Chairman

APPENDIX 1 – THE NEW ARTICLES

1. **Limitation of Liability**

The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

2. **Voting rights**

Subject to paragraph 9 below, and to any special rights or restrictions as to voting upon which any shares may for the time being be held, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by its duly appointed representative shall have one vote and on a poll every member present in person or by representative or proxy shall have one vote for every Ordinary Share held by him. A proxy need not be a member of the Company.

3. **Variation of rights**

Whenever the share capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of an ordinary resolution passed at a separate general meeting of the holders of the shares of that class and may be so varied and abrogated whilst the Company is a going concern or during or in contemplation of a winding up. To every such separate general meeting (except an adjourned meeting), the quorum shall be two persons at least holding or representing by proxy one-third in nominal value of the issued shares of that class.

4. **Authorised Share Capital and unissued shares**

As from 1 October 2009, the 2006 Act abolishes the requirement for a company to have an authorised share capital. The New Articles do not contain any reference to authorised share capital. The Directors will still be limited as to the amount of shares that they can allot at any time because allotment authority continues to be required under the 2006 Act, save in respect of employee share schemes.

5. **Alteration of capital**

The Company may by ordinary resolution, consolidate and divide all or any of its share capital into shares of a larger nominal value, sub-divide all or any of its shares into shares of a smaller nominal value, cancel any shares not taken, or agreed to be taken, by any person and diminish the amount of its capital by the amount of the shares so cancelled.

6. **Reduction of Capital and Purchase of Own Shares**

Under the 2006 Act, as from 1 October 2009, it will no longer be necessary for articles of association to authorise a company to (i) reduce its capital or (ii) purchase its own shares, as a company will have authority to do so unless prohibited by its articles of association. Accordingly, the New Articles are silent as to reduction of capital and the Company purchasing its own shares.

7. **Transfer of shares**

A member may transfer all or any of his shares (1) in the case of certificated shares by transfer in writing in any usual or common form or in any other form acceptable to the Directors and may be under hand only and (2) in the case of uncertificated shares, in the manner provided for in the rules and procedures of the operator of the relevant system and in accordance with and subject to the Uncertificated Securities Regulations 2001 (the “Regulations”). The instrument of transfer of a certificated share shall be signed by or on behalf of the transferor and, if the share is not fully paid, by or on behalf of the transferee. Subject to paragraph 9 below, the New Articles contain no restrictions on the free transferability of fully paid shares provided that the transfer is in respect of only one class of share and is accompanied by the share certificate and any other evidence of title required by the Directors and that the provisions in the New Articles relating to the deposit of instruments for transfer have been followed.

Subject to the requirements of the UK Listing Authority and/or the London Stock Exchange, as appropriate, the Company shall register a transfer of title to any uncertificated share or any renounceable right to allotment of a share held in uncertificated form in accordance with the

Regulations but so that the Directors may refuse to register such transfer in any circumstance permitted or required by the Regulations.

The Directors may also decline to register a transfer of shares representing 0.25 per cent. or more in nominal value of the issued shares of their class after there has been a failure to comply with any notice under section 793 of the 2006 Act requiring the disclosure of information relating to interests in the shares concerned unless the shareholder has not, and proves that no other person has, failed to supply the information. Such refusal may continue until the failure has been remedied, but the Directors shall not decline to register:

- (a) a transfer pursuant to acceptance of a takeover offer for the Company (within the meaning of section 974 of the 2006 Act); or
- (b) a transfer in consequence of a sale made through a recognised investment exchange (as defined in the Financial Services and Markets Act 2000) or any other stock exchange outside the United Kingdom on which the shares are normally traded; or
- (c) a transfer which is shown to the satisfaction of the Directors to be made in consequence of a sale of the whole of the beneficial interest in the shares to a person who is unconnected with the member and with any other person appearing to be interested in the shares.

8. Dividends

- (a) Subject to the 2006 Act or any other statutes in force, the Company may by ordinary resolution in general meeting declare dividends provided that no dividend shall be paid otherwise than out of profits available for the purpose and no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates in respect of such periods as appear to the Directors to be justified. All dividend payments shall be non-cumulative.
- (b) Subject to the rights of any persons, if any, holding shares with special dividend rights, and subject to paragraph 9 below, all dividends shall be apportioned and paid pro rata according to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid or credited as paid in advance of calls shall be regarded as paid on shares for this purpose.
- (c) All dividends unclaimed for a period of 12 years from the date on which such dividend was declared or became due for payment shall be forfeited and shall revert to the Company.
- (d) There is no fixed date on which an entitlement to dividend arises.
- (e) There are no dividend restrictions attaching to the Ordinary Shares, provided they are fully paid up. Payments of dividends may be made by any method the directors consider appropriate and on a cash dividend there are no special arrangements for non-resident Shareholders. The Directors may make such arrangements as they consider expedient in connection with a dividend payment in shares to deal with any legal or other difficulties that may arise in any territory in which non-resident shareholders are present.

9. Suspension of rights

If a member or any other person appearing to be interested in shares of the Company fails after the date of service of a notice to comply with the statutory disclosure requirements then:

- (a) if the shares are held in certificated form from the time of such failure until not more than 7 days after the earlier of (a) receipt by the Company of notice that there has been a transfer of the shares by an arm's length sale and (b) due compliance, to the satisfaction of the Company, with the statutory disclosure requirements (if the Directors so resolve) such member shall not be entitled to vote or to exercise any right conferred by membership at meetings of the Company in respect of the shares which are the subject of such notice. Where the holding represents more than 0.25 per cent. of the issued shares of that class, the payment of dividends may be withheld, and such member shall not be entitled to transfer such shares otherwise than by an arm's length sale.
- (b) if the shares are held in uncertificated form, the Directors may serve upon the registered holder of such shares a notice requiring the holder to convert his holding of uncertificated

shares into certificated form within such period as is specified in the notice and require the holder to continue to hold such shares in certificated form for so long as such failure continues. If the holder shall fail to convert his holding within the specified time, the Directors are empowered to authorise some person to take all such steps and issue such instructions as may be necessary in the name of the holder of such shares to effect the conversion of such shares to certificated form. Such steps shall be as effective as if they had been taken by the registered holder of the relevant uncertificated shares. Once such conversion to certificated form has been effected, the above rules in relation to shares in certificated form shall apply.

10. Pre-emption rights

There are no rights of pre-emption under the New Articles in respect of transfers of issued Ordinary Shares.

11. General meetings

An annual general meeting of the Company shall be held in each year in addition to any other meetings which may be held in that year and at such time and place as may be determined by the Directors, but so not more than six months following its accounting reference date.

The Directors may convene a general meeting whenever they think fit. General meetings shall also been convened on a requisition of the members of the Company as provided for by the 2006 Act and must be convened not more than 28 days after the date of notice.

Twenty one clear days' notice shall be given in respect of an annual general meeting and any general meeting at which it is proposed to pass a resolution of which special notice has been given. Fourteen clear days' notice shall be given in respect of every other general meeting. Notice shall be given to all members (other than those who, under the provisions of the Articles or otherwise, are not entitled to receive notices from the Company) and to the Directors and the auditors for the time being of the Company, but the accidental omission to give such notice to, or the non-receipt of such notice by, any member or Director or the auditors shall not invalidate any resolution passed or any proceeding at such meeting.

Every notice shall specify the place, the day and the hour of the meeting and in the case of special business, the nature of such business and shall also state with reasonable prominence that a member entitled to attend and vote at the meeting, may appoint a proxy to attend, speak and vote on a poll thereat instead of him and that the proxy need not also be a member. In the case of a meeting convened for passing a special resolution the notice shall also specify the intention to propose the resolution as a special resolution as the case may be.

For the purpose of determining which persons are entitled to attend and vote at any general meeting and how many votes such persons may cast, the Company may specify in the relevant notice of general meeting a time, not more than forty eight hours before the time fixed for the meeting, by which a person must be entered on the register of members in order to have the right to attend and vote at the meeting.

No business shall be transacted unless the requisite quorum is present when the meeting proceeds to business. Two members present in person or by proxy shall be a quorum for all purposes. If within fifteen minutes (or such longer interval not exceeding one hour as the chairman thinks fit) from the time appointed for the general meeting a quorum is not present, if convened on the requisition of the members the meeting shall be dissolved. In any other case the meeting shall be adjourned to such other day as specified for the purpose in the notice convening the meeting or if not so specified to such other day as the chairman of the meeting shall determine, being not less than seven days thereafter. No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

12. Directors

The business and affairs of the Company shall be managed by the Directors, who may exercise all such powers of the Company as are not by any statute or by the New Articles required to be exercised by the Company in general meeting and for such purposes the Directors may delegate any of their powers or discretions to committees consisting of one or more Directors.

Subject to the New Articles, the Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. The quorum necessary for the transaction of

the business is two unless otherwise resolved by the Directors. A meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Directors.

Subject to the New Articles, a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he (or any person connected with him) has, directly or indirectly, any material interest (otherwise than by virtue of his interest in shares or debentures or other securities of the Company) or in relation to which he has a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum at any meeting in relation to any resolution in which he is debarred from voting.

A Director (or any person who is connected with him) who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall, in accordance with the New Articles, declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists or in any other case at the first meeting of the Board after he knows that he is or has become so interested.

Subject to the 2006 Act and the New Articles, a Director shall (in the absence some other material interest than is indicated below), be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:

- (a) the giving to him of any guarantee, security or indemnity in respect of money lent or obligation incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) giving to a third party any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
- (c) where the Company or any of its subsidiaries is offering securities in which offer the Director is or may be entitled to participate as the holder of securities or in the underwriting or sub-underwriting in which the Director is to participate;
- (d) relating to another company in which he and any persons connected with him do not to his knowledge hold an interest in shares representing one per cent. or more of either any class of the equity share capital, or the voting rights in such company;
- (e) relating to an arrangement for the benefit of the employees of the Company or any of its subsidiaries which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or
- (f) concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors of the benefit of persons including Directors.

Notwithstanding any other provisions of the New Articles, the New Articles provide that the Directors may (subject to such terms and conditions as they may think fit to impose from time to time, and subject always to their right to vary or terminate such authorisation) authorise any matter which would otherwise result in a Director infringing his duty to avoid a situation in which he had, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the interests of the Company (including, without limitation, in relation to the exploitation of any property, information or opportunity whether or not the Company could take advantage of it) provided that for this purpose the Director in question and any other interested Director are not counted in the quorum at any Board meeting at which such matter is approved and it is agreed to without their voting or would have been agreed to if their vote had not been counted. For the avoidance of doubt, any situation which cannot reasonably be regarded as likely to give rise to a conflict of interest and any arrangement or transaction the Company and the Director shall not be deemed to breach such duty.

If a matter has been duly authorised by the Directors in the manner described above then (subject to such terms and conditions, if any, as the Directors may think fit to impose from time to time, and subject always to their right to vary or terminate such authorisation or the permissions set out below):

- (a) the Director shall not be required to disclose any confidential information relating to such matter to the Company if to make such a disclosure would result in a breach of a duty or obligation of confidence owed by him in relation to it or in connection with that matter;
- (b) the Director may absent himself from meetings of the Directors at which anything to that matter will or may be discussed; and
- (c) the Director may make such arrangements as such Director thinks fit for Board and/or committee papers to be received and read by a professional adviser on behalf of that Director.

A Director shall not, save as otherwise agreed by him, be accountable to the Company for any remuneration, profit or other benefit which he derives from any matter which has been authorised by the Directors.

Unless otherwise determined by the Company by ordinary resolution, there shall be paid to the Directors such sum as the Board may from time to time determine (not exceeding £200,000 per annum or such sum as the Company in general meeting shall from time to time determine) such sum shall be divided among the Directors in such manner and proportion as they may agree or in default of such determination, equally.

Unless and until otherwise determined by ordinary resolution of the Company, the number of Directors shall be not less than two nor more than eight.

Subject to the provisions of the 2006 Act every Director, secretary or other officer of the Company (other than an auditor) is entitled to be indemnified against all costs, charges, losses, expenses and liabilities incurred by him for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company, provided this indemnification would not be applicable if it was treated void under the 2006 Act or any other statute.

Subject to the provisions of and so far as may be permitted by the statutes and rules made by the London Stock Exchange and/or the United Kingdom Listing Authority the Company may provide a Director or officer of the Company with funds to meet expenditure incurred or to be incurred by him in defending any criminal or civil proceedings in connection with any negligence, default, breach of duty, or breach of trust by him in relation to Company.

The Directors shall also have power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time, Directors, officers (not being an auditor) or employees of the Company.

13. Provision for employees on cessation of business

The Directors have the power to make provisions for a person employed or formerly employed by the Company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that subsidiary.

14. Borrowing powers

The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary companies (if any) so as to secure that the aggregate amount for the time being remaining undischarged of all monies by the Group (exclusive of intra-group borrowings) shall not at any time without the previous sanction of an ordinary resolution of the Company in general meeting exceed £50 million.

APPENDIX 2 – THE SHARE OPTION SCHEMES

1. Unapproved Executive Share Option Scheme

The key terms relating to the Unapproved Executive Share Option Scheme (the “Executive Scheme”) are as follows:

- (a) Options to acquire Ordinary Shares in the Company may be granted at the discretion of the Board or the remuneration committee of the Board (the “Board”) to employees and executive directors (together the “Employee”) of the Company and its subsidiaries.
- (b) It is not intended to obtain the approval of HM Revenue and Customs in respect of the Executive Scheme.
- (c) Options may be granted at any time, subject to any restrictions which result from the application of the AIM Rules or, if applicable, the Model Code or any comparable code which applies to the Company at the time options are granted. Options may be granted from the date of such restrictions being lifted.
- (d) Options must be granted at a subscription price per Ordinary Share which is not less than the greater of £0.01 (the nominal value of an Ordinary Share) or the market value of an Ordinary Share on the date of grant unless the Board exercises its discretion to determine otherwise. While the Company’s shares are listed on AIM the price used for the market value of an Ordinary Share on the date of grant shall be the closing price of an Ordinary Share on the day before the date of grant.
- (e) No consideration is payable for the grant of an option. Options are not transferable or assignable (other than to a personal representative in the event that an option holder dies).
- (f) The exercise of an option may be made subject to the achievement of specific performance targets or other conditions to be determined by the Board or the remuneration committee.
- (g) In the event that an Employee is transferred to work in another country and the Board is satisfied that due to the transfer the Employee will either (i) suffer a tax disadvantage upon exercising his option or (ii) the Employee will become subject to restrictions on his ability to exercise his option or deal in the shares obtained on exercise, the Employee may exercise all or part of his option in the period commencing three months before or three months after the date of transfer.
- (h) The Company envisages that the number of Ordinary Shares which may be utilised under all share schemes established by the Company shall not exceed 10 per cent. of the Company’s issued share capital within any 10 year period preceding the date of the grant. This does not include options granted prior to the date when the Ordinary Shares were first traded on AIM or options which have lapsed or been surrendered.
- (i) No options may be granted if at the date of grant the market value of the Ordinary Shares over which options are to be granted when added to the market value of the Ordinary Shares over which options have been granted in that financial year under any share scheme adopted by the Company exceed an Employee’s gross annual basic salary (including any bonuses but excluding benefits in kind) during the 12 month period ending on the proposed date of grant of an Option.
- (j) Options will vest (become exercisable) in whole or in part in accordance with the vesting date set out in the Employee’s option agreement and set by the Board at the date of grant of an option.
- (k) In the event of a general offer to acquire the whole of the share capital of the Company as a result of which the offeror obtains control of the Company, an Employee may, with the consent of the acquiring company, release each subsisting and unexercised option for a new right which is equivalent to his option but relates to shares in a different company (generally, the offeror). If another company obtains control of the Company then options which are not exercised within a restricted period thereafter will lapse.
- (l) The number and/or the subscription price of the Ordinary Shares subject to an option may be varied by the Board in the event of a reorganisation of capital (such as a capitalisation or rights

issue) subject to an opinion of the auditors of the Company that the variations are fair and reasonable.

- (m) Ordinary Shares allotted under the Executive Scheme will rank equally with all other Ordinary Shares of the Company for the time being in issue.
- (n) Unapproved options are afforded no special tax treatment and an Employee may be liable for any tax or social security which arises. Accordingly, the Employee may be required to enter into acceptable arrangements to meet any liability for tax and social security.
- (o) In the event that the exercise of an option gives rise to a tax liability and the Ordinary Shares in the Company are restricted (eg subject to restrictions on transfer etc) the Company is able to request that the Employee makes an election under Section 431(1) or 431(2) of the Income Tax (Earnings and Pension) Act 2003 within 14 days of the acquisition of any Ordinary Shares acquired on exercise of the option in order to disapply the restrictions on the Ordinary Shares.
- (p) The Board will administer the Executive Scheme. The Board may from time to time amend the rules of the Executive Scheme provided that no amendment may be made which would materially affect the existing rights of an Employee unless it has been approved by a majority of option holders and no amendment may be made to certain key features of the Executive Scheme (for example any alteration which would extend the class of person eligible for the grant of options) which is to the advantage of existing or future option holders except with the consent of the Company.
- (q) The Board may terminate the Executive Scheme at any time with the effect that no further options may thereafter be granted although in all other respects the Executive Scheme will remain in force.
- (r) No options may be granted under the Executive Scheme after the seventh anniversary of the date of grant.

2. Unapproved Share Option Scheme

It is also intended to adopt the Unapproved Share Option Scheme. The main features of the Unapproved Share Option Scheme are similar to the Executive Scheme save that:

- (a) Options to acquire Ordinary Shares may be granted only to non-executive directors or consultants who provide services to the Company and its subsidiaries from time to time. Options may also be granted to a personal pension arrangement of and nominated by a Key Individual.
- (b) No options may be granted if at the date of grant the market value of the Ordinary Shares over which options are to be granted when added to the market value of the shares over which options have been granted in that financial year under any share scheme adopted by the Company exceed a Key Individual's gross commission and/or fees paid to the Key Individual during the 12 month period ending on the proposed date of grant of an Option.
- (c) There is no provision allowing the Company to request that the Key Individual enters into an election under Section 431(1) or 431(2) of the Income Tax (Earnings and Pension) Act 2003 as such election can only be entered into by an employee.

COVE ENERGY PLC

(Incorporated and registered in England and Wales with registered no. 4994974)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Cove Energy Plc (the "Company") will be held at the offices of Lawrence Graham LLP, 4 More London Riverside, London SE1 2AU on 5 October 2009 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions 2, 3 and 4, which will be proposed as ordinary resolutions and resolutions 1 and 5 which will be proposed as special resolutions.

SPECIAL RESOLUTION

1. THAT,
 - (a) the articles of association of the Company be amended by deleting all provisions referred to in paragraph 42 of Schedule 2 of the Companies Act 2006 (Commencement No. 8, Transitional Provisions and Savings) Order 2008 (No.2860); and
 - (b) the articles of association produced to the meeting and initialled by the chairman of the meeting for the purposes of identification, be adopted as the new articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

ORDINARY RESOLUTIONS

2. THAT, the rules of the Company's Unapproved Share Option Scheme in the form produced to the meeting be and are hereby approved and that the Directors be and are hereby authorised to do all acts and things necessary or expedient to carry the Unapproved Share Option Scheme into effect.
3. THAT, the rules of the Company's Unapproved Executive Share Option Scheme in the form produced to the meeting be and are hereby approved and that the Directors be and are hereby authorised to do all acts and things necessary or expedient to carry the Unapproved Executive Share Option Scheme into effect.
4. THAT, subject to the passing of resolution 1 above but in substitution for all previous authorities, and in accordance with section 551 of the Companies Act 2006 (the "Act"), the directors be and they are hereby generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or convert any securities into shares ("Rights"), provided that this authority shall be limited to the allotment of:
 - (a) up to an aggregate nominal amount of £2,500,000 in connection with the Placing (as defined in the Circular dated 11 September 2009 (the "Circular"));
 - (b) up to an aggregate nominal amount of £308,000 in relation to the grant of options pursuant to the Unapproved Share Option Scheme; and
 - (c) up to an aggregate nominal amount of £924,000 (in addition to the authorities at (a) and (b) above),

provided that this authority shall expire at the earlier of the next annual general meeting of the Company or 30 June 2010 and that the Company may before such expiry make an offer or agreement which would or might require shares or Rights to be granted in pursuance of any such offer or agreement notwithstanding that the authority conferred hereby has expired.

SPECIAL RESOLUTION

5. THAT, subject to the passing of the resolutions 1 and 4 above but in substitution for all previous authorities, the directors be and they are hereby empowered to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by the previous resolution as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
 - (a) in connection with an offer of such equity securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem

necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange;

- (b) up to an aggregate nominal amount of £2,500,000 in connection with the Placing (as defined in the Circular);
- (c) up to an aggregate nominal amount of £308,000 in relation to the grant of options pursuant to the Unapproved Share Option Scheme;
- (d) up to an aggregate nominal amount of £643,000 (in addition to the authorities at (a), (b) and (c) above),

provided that this authority shall expire at the earlier of the next annual general meeting of the Company or 30 June 2010 and that the Company may before such expiry make an offer or agreement which would or might require equity securities to be granted in pursuance of any such offer or agreement notwithstanding that the authority conferred hereby has expired.

Dated 11 September 2009

Registered Office:
22 Grafton Street
London W1S 4EX

By Order of the Board

Michael Nolan
Company Secretary

Notes:

1. A member entitled to attend and vote at the above meeting convened by this notice is entitled to appoint one or more proxies to attend, speak and vote at the meeting. A proxy need not be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy.
2. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy please contact Computershare Investor Services (Ireland) Limited on 00 353 121 63 100.
3. A Form of Proxy is enclosed. To be effective, the Form of Proxy, together with any power of attorney or other written authority under which it is signed, or a notarially certified copy or a certified copy in accordance with the Powers of Attorney Act 1971 of such power or written authority must be completed signed and to be valid the proxy must be duly executed and deposited with the Company at the offices of the Company's registrars, Computershare Investor Services (Ireland) Limited, PO Box 954, Dublin 18, Ireland or returned by fax on 00 353 121 63 183 not later than 10.00 a.m. on 3 October 2009.
4. Completion and return of a Form of Proxy will not prevent a member from attending and voting in person if he or she so wishes.
5. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 to be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members not less than 48 hours before the time of the meeting or, in the event that the meeting is adjourned, on the Register of Members of the Company not less than 48 hours before the time of any adjourned meeting, and only such members shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register of Members after 10.00 a.m. on 3 October 2009 or, in the event that the meeting is adjourned, not less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend and vote at the meeting.
6. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
7. In the case of a corporation, the Form of Proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.
8. A vote withheld option is provided on the Form of Proxy to enable you to instruct your proxy not to vote on any particular resolution. However, it should be noted that a vote withheld in this way is not a "vote" in law and will not be counted in the calculation of the proportion of votes "For" and "Against" a resolution.
9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy and would like to change the instructions using another hard-copy Form of Proxy, please contact Computershare Investor Services (Ireland) Limited. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
10. In order to revoke a proxy instruction you will need to inform the Company using one of the following method: By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Computershare Investor Services (Ireland) Limited, PO Box 954, Dublin 18, Ireland. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, the revocation notice must be received by Computershare Investor Services (Ireland) Limited no later than 10.00 a.m. on 3 October 2009.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

11. As at 5.00 p.m. on the date immediately prior to this notice the Company's issued share capital comprised 58,348,334 ordinary shares of 1p each ("Ordinary Shares") each Ordinary Share carries the right to one vote at a general meeting of the Company and therefore the total number of voting rights in the Company as at 5.00 p.m. on the date immediately prior to this notice is 58,348,334.