PLEDGE PETROLEUM CORP
Form PREM14A
February 12, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

_____

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

¨ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to Section 240.14a-12

PLEDGE PETROLEUM CORP.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (check the appropriate box):

¨ No fee required.

x Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:
N/A

(2) Aggregate number of securities to which transaction applies:
N/A

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

The filing fee was determined by multiplying one-fiftieth of one percent by $650,000.00 (which is the proposed total cash payment to be received by Pledge Petroleum Corp.)

(4) Proposed maximum aggregate value of transaction:

$650,000.00

(5) Total fee paid:

$130.00

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

February , 2018

PLEDGE PETROLEUM CORP.

To the Stockholders of Pledge Petroleum Corp.:

You are cordially invited to attend a Special Meeting of Stockholders of Pledge Petroleum Corp. (the "Company" or "PROP" or "us"), which will be held at the offices of Gracin & Marlow, LLP, The Chrysler Building, 405 Lexington Avenue, 26th Floor, New York, New York 10174 on March 23, 2018, beginning at 9:00 a.m., local time.

We have entered into an Asset Purchase Agreement (the "Asset Purchase Agreement") with Norma Investments Limited ("Norma" or the "Purchaser), the parent company of Ervington Investments Limited ("Ervington"), the current holder of a majority of our outstanding voting securities, pursuant to which we propose to sell substantially all of our assets (the "Current Business") to Norma (the "Asset Sale"). Upon the closing of the Asset Sale, we will repurchase all of our outstanding securities held by Ervington (the "Share Repurchase"). After the completion of the Asset Sale, we will furthermore cease all activities related to the Current Business while evaluating other business opportunities, which may include potentially acquiring an oilfield services business, of which two of our current directors own a minority equity interest. We have not entered into an agreement with any potential acquisition candidate and have only been in the early stages of discussion. None of Norma, Ervington or Ivan Persiyanov, the Ervington designee on our board of directors, has been, or will be, involved in any of such discussions or considerations.

A copy of the Asset Purchase Agreement we have entered into is attached as **Annex A** to the accompanying proxy statement, and you are encouraged to read it in its entirety. A copy of the Share Repurchase Agreement we have entered into is attached as **Annex B** to the accompanying proxy statement, and you are encouraged to read it in its entirety.

At the Special Meeting of Stockholders or any postponement or adjournment thereof, you will be asked to approve the Asset Sale and approve a proposal to adjourn the Special Meeting of Stockholders if there are insufficient votes at the time of the Special Meeting of Stockholders to approve the Asset Sale.

An independent committee (the "Special Committee") of our board of directors, comprised solely of our directors who are unaffiliated with Norma and Ervington, was given the power to act on behalf of the board of directors to negotiate, accept or reject the Asset Sale and the Share Repurchase and consider other alternative transactions. The Special Committee reviewed and considered the terms and conditions of the Asset Purchase Agreement and the transactions contemplated thereby, including the Asset Sale, and the Share Repurchase. After careful consideration, the Special Committee unanimously adopted and approved the Asset Sale and the Share Repurchase and determined that the terms of the Asset Sale set forth in the Asset Purchase Agreement and the Share Repurchase are fair to, advisable and in the best interests of, the Company and its stockholders. The Special Committee unanimously recommends that you vote:

- **"FOR" the approval of the Asset Sale (the "Asset Sale Proposal"); and**

- **"FOR" the proposal to adjourn the special meeting to solicit additional proxies if there are insufficient votes to adopt the Asset Purchase Agreement at the time of the special meeting (the "Adjournment Proposal").**

The proxy statement attached to this letter provides you with information about the proposed Asset Sale and the Special Meeting of Stockholders. We encourage you to read the entire proxy statement carefully. You may also obtain additional information about us from documents filed with the U.S. Securities and Exchange Commission, including our financial statements for the year ended December 31, 2016, and the quarters ended March 31, 2017, June 30, 2017 and September 30, 2017, which are contained therein.

Only stockholders of record at the close of business on February 14, 2018, the record date for determining the stockholders entitled to notice of and to vote at the Special Meeting of Stockholders, are entitled to notice of and to vote at the Special Meeting of Stockholders and any adjournment thereof.

Your vote is very important. The Asset Sale cannot be completed unless the proposal is adopted by the affirmative vote of holders of both a majority of our voting securities outstanding on the record date (the "majority vote") and a majority of our voting securities outstanding on the record date exclusive of the securities held by Ervington ("a majority of the minority"). Ervington has informed the Special Committee that it will vote in favor of the Asset Sale Proposal, which vote is sufficient to carry the majority vote. The Asset Purchase Agreement provides that a condition to the consummation of the Asset Sale is that holders of a majority of the minority vote in favor of the Asset Sale Proposal. Failing to vote on the Asset Sale Proposal or to instruct your broker or other nominee on how to vote, will have the same effect as a vote "AGAINST" the adoption of this proposal.

Whether or not you are able to attend the Special Meeting of Stockholders in person, please complete, sign and date the enclosed proxy card and return it in the envelope provided as soon as possible, or follow the instructions provided for submitting a proxy by telephone or the Internet. If you hold shares through a broker or other nominee, you should follow the procedures provided by your broker or other nominee. These actions will not limit your right to vote in person if you wish to attend the special meeting and vote in person.

Thank you for your cooperation and your continued support of Pledge Petroleum Corp.

Sincerely,

John Zotos, *Corporate Secretary*

This proxy statement is dated February , 2018 and is first being mailed to stockholders on or about February , 2018.

PLEDGE PETROLEUM CORP.

11811 North Freeway, Suite 513

Dallas, TX 77060

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON MARCH 23, 2018

To the Stockholders of Pledge Petroleum Corp.:

A Special Meeting of Stockholders of Pledge Petroleum Corp., a Delaware corporation (the "Company" or "PROP" or "us"), will be held at the offices of Gracin & Marlow, LLP, The Chrysler Building, 405 Lexington Avenue, 26th Floor, New York, New York 10174 on March 23, 2018, beginning at 9:00 a.m. local time, for the following purposes:

(1) to consider and vote on a proposal (the "Asset Sale Proposal") to effect the transactions contemplated by the proposed Asset Purchase Agreement with Norma Investments Limited ("Norma" or the "Purchaser"), the parent company of Ervington Investment Limited ("Ervington"), pursuant to which we will sell substantially all of our assets, including all pertinent intellectual property rights, comprising our business of implementing our plasma pulse technology (the "Current Business") to Norma (the "Asset Sale"); and

(2) to approve the adjournment of the Special Meeting of Stockholders, if necessary, in the reasonable discretion of the Corporate Secretary of the Company, to solicit additional proxies if there are insufficient votes at the time of the Special Meeting of Stockholders to approve the Asset Sale Proposal.

Only stockholders of record of our stock as of the close of business on February 14, 2018 are entitled to notice of, and to vote at, the Special Meeting of Stockholders and any adjournment of the Special Meeting of Stockholders. If you hold shares through a broker or other nominee, you must follow the procedures provided by your broker or other nominee in order to vote your shares at the Special Meeting of Stockholders.

You are cordially invited to attend the meeting in person.

Your vote is important, regardless of the number of shares of our stock you own. Upon the closing of the Asset Sale, we will repurchase all of our outstanding securities held by Ervington, the current holder of a majority of our outstanding voting securities (the "Share Repurchase"). After the completion of the Asset Sale, we will cease all activities related to the Current Business while evaluating other business opportunities, which may include potentially acquiring an oilfield services business, of which two of our current directors own a minority equity interest. We have not entered into an agreement with any potential acquisition candidate and have only been in the early stages of discussion. None of Norma, Ervington or Ivan Persiyanov has been, or will be, involved in any of such discussions or considerations.

An independent committee (the "Special Committee") of our board of directors, comprised solely of our directors who are unaffiliated with Norma or Ervington, was given the power to act on behalf of the board of directors to negotiate, accept or reject the Asset Sale and the Share Repurchase and consider alternative transactions. The Special Committee reviewed and considered the terms and conditions of the Asset Purchase Agreement and the transactions contemplated thereby, including the Asset Sale, and the Share Repurchase. After careful consideration, the Special Committee unanimously adopted and approved the Asset Sale and the Share Repurchase and determined that the terms of the Asset Sale set forth in the Asset Purchase Agreement and the Share Repurchase are fair to, advisable and in the best interests of, the Company and its stockholders. See the discussion of the Special Committee's reasons for approving the transaction under "REASONS FOR THE ASSET SALE AND RECOMMENDATION OF THE SPECIAL COMMITTEE" on page 8.

Under Delaware law, the approval of the Asset Sale Proposal requires the affirmative vote of holders of the majority of our voting securities outstanding on the record date (the "majority vote"). Ervington has informed the Special Committee that it will vote in favor of the Asset Sale Proposal, which vote is sufficient to carry the majority vote. In addition, the Asset Purchase Agreement provides that a condition to the consummation of the Asset Sale is that holders of a majority of the minority vote in favor of the Asset Sale Proposal. The approval of the Adjournment Proposal requires the affirmative vote of a majority of the total votes cast on such proposal.

Failing to vote your shares, or to instruct your broker or other nominee on how to vote, will have the same effect as a vote "AGAINST" the adoption of the Asset Sale Proposal, but will have no effect on the outcome of any vote on the Adjournment Proposal.

Even if you plan to attend the Special Meeting of Stockholders in person, we request that you complete, sign, date and return the enclosed proxy, or follow the instructions provided for submitting a proxy by internet, and thus ensure that your shares will be represented at the Special Meeting of Stockholders if you are unable to attend. If you are a stockholder of record and attend the Special Meeting of Stockholders and wish to vote in person, you may revoke your proxy and vote in person. If you hold shares through a broker or other nominee, you should follow the procedures provided by your broker or other nominee.

If you sign, date and mail your proxy card without indicating how you wish to vote, your vote will be counted as a vote in favor of the adoption of the Asset Sale Proposal and the Adjournment Proposal.

YOU MAY SUBMIT A PROXY FOR YOUR SHARES ELECTRONICALLY ON THE INTERNET OR BY SIGNING, DATING AND RETURNING THE ENCLOSED PROXY CARD. IF YOUR SHARES ARE HELD OF RECORD BY A BROKER OR OTHER NOMINEE, AND YOU WISH TO VOTE AT THE SPECIAL MEETING, YOU MUST FOLLOW THE PROCEDURES PROVIDED BY THAT RECORD HOLDER.

By Order of the Board of Directors

/s/ John Zotos
John Zotos, *Corporate Secretary*

Houston, Texas

February , 2018

YOUR VOTE IS IMPORTANT

WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING OF STOCKHOLDERS, PLEASE SIGN AND DATE THE ENCLOSED PROXY CARD AND RETURN IT PROMPTLY IN THE ENVELOPE PROVIDED, OR SUBMIT YOUR PROXY PROMPTLY VIA THE INTERNET OR BY TELEPHONE AS INSTRUCTED IN THESE MATERIALS. GIVING YOUR PROXY NOW WILL NOT AFFECT YOUR RIGHT TO VOTE IN PERSON IF YOU ATTEND THE MEETING. IF YOUR SHARES ARE HELD OF RECORD BY A BROKER OR OTHER NOMINEE, YOU MUST FOLLOW THE PROCEDURES PROVIDED BY THAT RECORD HOLDER.

SUMMARY VOTING INSTRUCTIONS

Ensure that your shares of our stock are voted at the Special Meeting of Stockholders by submitting your proxy or, if your shares are held in "street name" through a broker or other nominee, contacting your broker or other nominee. Failing to vote your shares, or to instruct your broker or other nominee on how to vote your shares, will have the same effect as a vote "AGAINST" the adoption of the Asset Sale Proposal, but will have no effect on the outcome of any vote on the Adjournment Proposal.

If your shares are registered in "street name" through a broker or other nominee: check the voting instruction card forwarded by your broker or other nominee or contact your broker or other nominee in order to obtain directions as to how to ensure that your shares are voted in favor of the proposals at the Special Meeting of Stockholders.

If your shares are registered in your name: submit your proxy as soon as possible via the internet or by signing, dating and returning the enclosed proxy card in the enclosed postage-paid envelope so that your shares of common stock can be voted in favor of the proposals at the Special Meeting of Stockholders.

If you need assistance in completing your proxy card or have questions regarding the Special Meeting of Stockholders, please contact:

Pledge Petroleum Corp.

11811 North Freeway, Suite 513

Houston, Texas 77060

Attn: Corporate Secretary

Phone: (832) 328-0169

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING OF STOCKHOLDERS AND THE ASSET SALE

The following are some questions that you, as a stockholder of the Company, may have regarding the Special Meeting of Stockholders, including the Asset Sale Proposal and brief answers to such questions. We urge you to carefully read this entire proxy statement, including the unaudited pro forma financial statements contained herein and the annexes to this proxy statement and the documents referred to in this proxy statement because the information in this section does not provide all the information that may be important to you as a stockholder of the Company with respect to the Asset Sale Proposal. See "Where You Can Find More Information" beginning on page 19.

INFORMATION ABOUT VOTING

Q: ***Why am I receiving these materials?***

A: The Special Committee is providing these proxy materials to you in connection with our Special Meeting of Stockholders, which is scheduled to take place on March 23, 2018. As a stockholder of record as of February 14, 2018, you are invited to attend the Special Meeting of Stockholders and to vote on the items of business described in this Proxy Statement.

Q: ***What information is contained in these materials?***

A: The information included in this Proxy Statement relates to the proposals to be voted on at the Special Meeting of Stockholders, the voting process and other required information.

Q: ***What items of business will be voted on at the Special Meeting of Stockholders?***

A: The two (2) items of business scheduled to be voted on at the Special Meeting of Stockholders are: (1) the Asset Sale Proposal and (2) the adjournment of the Special Meeting of Stockholders, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of the Asset Sale Proposal.

Q: ***How does the Special Committee recommend that I vote?***

A: The Special Committee recommends that you vote your shares: (1) **FOR** the Asset Sale Proposal; and (2) **FOR** authority to adjourn the Special Meeting of Stockholders, if necessary, if a quorum is present, to solicit additional

proxies if there are not sufficient votes in favor of the Asset Sale Proposal. We encourage you to vote **FOR** both proposals.

Q: ***What shares can I vote?***

A: You may vote or cause to be voted all shares owned by you as of the close of business on February 14, 2018, the record date. These shares include: (1) shares held directly in your name as a stockholder of record; and (2) shares held for you, as the beneficial owner, through a broker or other nominee, such as a bank.

Q: ***What is the difference between holding shares as a stockholder of record and as a beneficial owner?***

Most of our stockholders hold their shares through a broker or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

If your shares are registered directly in your name with our transfer agent, Nevada Agency and Transfer Company, you are considered, with respect to those shares, the stockholder of record and these proxy materials are being sent directly to you by us. As the stockholder of record, you have the right to grant your voting proxy directly to John Zotos, Corporate Secretary and Director and John Huemoeller, Director, or to vote in person at the Special Meeting of Stockholders. The Special Committee has enclosed a proxy card for stockholders of record to use to grant a voting proxy.

A: If your shares are held in a brokerage account or by another nominee, you are considered the beneficial owner of shares held in "street name," and these proxy materials are being forwarded to you by your broker or nominee together with a voting instruction card. As the beneficial owner, you have the right to direct your broker or nominee how to vote and are also invited to attend the Special Meeting of Stockholders. Since you are not the stockholder of record, however, you may not vote these shares in person at the Special Meeting of Stockholders unless you obtain from the broker or nominee that holds your shares a valid proxy from them giving you the right to vote the shares. Your broker or nominee should have enclosed or provided voting instructions for you to use in directing the broker or nominee how to vote your shares. If you hold your shares through a broker and you do not give instructions to the record holder on how to vote, the record holder will be entitled to vote your shares in its discretion on certain matters considered routine, such as the Adjournment. The Asset Sale Proposal is not considered a routine matter; therefore, brokers do not have the discretion to vote on the Asset Sale Proposal. If you hold your shares in street name and you do not instruct your broker how to vote in the Asset Sale Proposal, no votes will be cast on your behalf for the non-routine matter. These "broker non-votes" will be treated as shares that are present and entitled to vote for purposes of determining the presence of a quorum, but not as shares entitled to vote on a particular proposal.

Q: ***May I attend the Special Meeting of Stockholders?***

A: You are entitled to attend the Special Meeting of Stockholders only if you were a stockholder as of the close of business on the record date, February 14, 2018, or you hold a valid proxy for the Special Meeting of Stockholders. You should be prepared to present photo identification for admittance. If you are not a record holder but hold shares beneficially through a broker or nominee (that is, in "street name"), you should provide proof of beneficial ownership on the record date, such as your most recent account statement, a copy of the voting instruction card provided by your broker or nominee, or other similar evidence of ownership. If you do not provide photo identification or comply with the other procedures outlined above upon request, you may not be admitted to the Special Meeting of Stockholders. The Special Meeting of Stockholders will begin promptly at 9:00 a.m. (Eastern Time). Check-in will begin at 8:30 a.m., and you should allow ample time for the check-in procedures.

Q: ***How can I vote my shares in person at the Special Meeting of Stockholders?***

A: You may vote by ballot in person at the Special Meeting of Stockholders any shares that you hold as the stockholder of record. You may only vote in person shares held in street name if you obtain from the broker or nominee that holds your shares a valid proxy giving you the right to vote the shares.

Q: ***How can I vote my shares without attending the Special Meeting of Stockholders?***

A: Whether you hold shares directly as the stockholder of record or beneficially in street name, you may, without attending the meeting, direct how your shares are to be voted.

Stockholder of Record — Shares Registered in Your Name: If you are a stockholder of record, in addition to voting in person at the Special Meeting of Stockholders, you may vote by proxy through the internet, or vote by proxy using a proxy card. Whether or not you plan to attend the Special Meeting of Stockholders, we urge you to vote by proxy to ensure your vote is counted. You may still attend the meeting and vote in person even if you have already voted by proxy.

- **Vote by Internet**, by going to the web address www.stocktrack.simplyvoting.com and following the instructions for internet voting shown on your proxy card. Your Internet vote must be received by 11:59 p.m., Eastern Time, on March 22, 2018 to be counted.

- **Vote by Proxy Card**, by completing, signing, dating and mailing the enclosed proxy card in the envelope provided. If you return your signed proxy card to us before the Special Meeting of Stockholders, we will vote your shares as you direct. If you vote by internet or telephone, please do not mail your proxy card.

Beneficial Owner — Shares Registered in the Name of a Broker or Bank: If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received an instruction card containing

voting instructions from that organization rather than from us. You will be provided with instructions to vote by internet, or to vote by mailing in your instruction card. In order to vote by internet please visit www.proxyvote.com and follow the instructions. Simply follow the voting instructions in the voting instruction card to ensure that your vote is counted.

We provide internet proxy voting to allow you to vote your shares online, with procedures designed to ensure authenticity and correctness of your proxy vote instructions. Please be aware, however, that you must bear any costs associated with your internet access, such as usage charges from internet access providers and telephone companies.

Q: ***Can I change my vote?***

A: You may change your vote at any time prior to the final vote at the Special Meeting of Stockholders. For shares held directly in your name, you may accomplish this by: (1) sending a written notice of revocation to our John Zotos, Corporate Secretary at Pledge Petroleum Corp. 11811 North Freeway, Suite 513, Houston, Texas 77060; (2) granting a new proxy bearing a later date (which automatically revokes the earlier proxy); (3) granting a subsequent proxy through the internet; or (4) by attending the Special Meeting of Stockholders and voting in person. Attendance at the meeting will not cause your previously granted proxy to be revoked unless you specifically so request. ***Even if you plan to attend the Special Meeting of Stockholders, we recommend that you also submit your proxy or voting instructions or vote through the internet so that your vote will be counted if you later decide not to attend the Special Meeting of Stockholders.***

For shares you hold beneficially, you may change your vote by submitting new voting instructions to your broker or nominee or, if you have obtained a valid proxy from your broker or nominee giving you the right to vote your shares, by attending the meeting and voting in person.

Q: ***Can I revoke my proxy?***

A: You may revoke your proxy before it is voted at the Special Meeting of Stockholders. To revoke your proxy, notify John Zotos, our Corporate Secretary in writing at Pledge Petroleum Corp. 11811 North Freeway, Suite 513, Houston, Texas 77060, or deliver to our Corporate Secretary a duly executed proxy bearing a later date. You may also revoke your proxy by appearing at the Special Meeting of Stockholders in person and voting your shares. If you vote by internet, you may also revoke your proxy by granting a subsequent proxy by internet. Attendance at the Special Meeting of Stockholders will not, by itself, revoke a proxy. If your shares are held by your broker or bank as nominee or agent, you should follow the instructions provided by your broker or bank.

Q: ***Who can help answer my questions?***

A: If you have any questions about the Special Meeting of Stockholders or how to vote or revoke your proxy, or you need additional copies of this Proxy Statement or voting materials, you should contact John Zotos, our Corporate Secretary at Pledge Petroleum Corp., 11811 North Freeway, Suite 513, Houston, Texas 77060 or by phone at (832) 328-0169.

Q: ***How are votes counted?***

AWith respect to both proposals, you may vote FOR, AGAINST, or ABSTAIN.

If you provide specific instructions, your shares will be voted as you instruct. If you sign your proxy card or voting instruction card with no further instructions, your shares will be voted in accordance with the recommendations of the Special Committee, namely **FOR** the Asset Sale Proposal and **FOR** authority to adjourn the Special Meeting of Stockholders, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes in favor of the Asset Sale Proposal.

Q: ***What is a quorum and why is it necessary?***

A: Conducting business at the Special Meeting of Stockholders requires a quorum. The presence, either in person or by proxy, of the holders of a majority of our shares of common stock outstanding on February 14, 2018 is necessary

to constitute a quorum. On the record date, there were 423,933,931 shares outstanding and entitled to vote comprised of 268,558,931 shares of common stock entitled one vote per share, 3,137,500 shares of Series A-1 Preferred Stock entitled to an aggregate of 31,375,000 votes, 40,000 shares of Series B Preferred Stock entitled to an aggregate of 4,000,000 votes and 4,500,000 shares of Series C Preferred Stock entitled to an aggregate of 120,000,000 votes. Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote in person at the Special Meeting of Stockholders. Abstentions and broker non-votes (which result when your shares are held in "street name" and you do not tell the nominee how to vote your shares and are described in detail below) are treated as present for purposes of determining whether a quorum exists. Broker non-votes are relevant in determining whether a quorum is present at the meeting. If there is no quorum, the holders of a majority of shares present at the meeting in person or represented by proxy may adjourn the meeting to another date.

Q: ***What are Broker-Non-Votes?***

A: Under the rules of the New York Stock Exchange ("NYSE"), member brokers who hold shares in street name for their customers that are the beneficial owners of those shares have the authority to only vote on certain "routine" items in the event that they have not received instructions from beneficial owners. Under NYSE rules, when a proposal is not a "routine" matter and a member broker has not received voting instructions from the beneficial owner of the shares with respect to that proposal, the brokerage firm may not vote the shares on that proposal since it does not have discretionary authority to vote those shares on that matter. A "broker non-vote" is submitted when a broker returns a proxy card and indicates that, with respect to particular matters, it is not voting a specified number of shares on that matter, as it has not received voting instructions with respect to those shares from the beneficial owner and does not have discretionary authority to vote those shares on such matters. "Broker non-votes" are not entitled to vote at the Special Meeting of Stockholders with respect to the matters to which they apply; however, "broker non-votes" will be included for purposes of determining whether a quorum is present at the Special Meeting of Stockholders.

Proposal 1 is considered a "non-routine" matter. As a result, brokers that do not receive instructions with respect to Proposal 1 from their customers will not be entitled to vote on such proposal.

Proposal 2 is considered a "routine" matter. As a result, brokers that do not receive instructions with respect to Proposal 2 from their customers will be entitled to vote on such proposal.

Q: ***What is the voting requirement to approve each of the proposals?***

A:
- To be approved, under the General Corporations Law of the State of Delaware, Proposal 1 (the Asset Sale Proposal), which relates to the approval of the Asset Sale, must receive FOR votes from the holders of a majority of voting securities outstanding on the record date (the "majority vote"). Ervington has informed the Special Committee that it will vote in favor of the Asset Sale Proposal, which vote is sufficient to carry the majority vote. In addition, the Asset Purchase Agreement provides that a condition to the consummation of the Asset Sale is that holders of a majority of the minority vote in favor of the Asset Sale Proposal. Therefore, in order for the Asset Sale to be consummated following the Special Meeting, Proposal 1 must receive FOR votes from holders of a majority of the minority on the record date. Abstentions or failing to instruct your broker or other nominee on how to vote will have the same effect as an AGAINST vote.

- To be approved, Proposal 2 (the Adjournment), which relates to the approval of an adjournment of the Special Meeting must receive FOR votes from the holders of a majority of the votes cast at the Special Meeting of Stockholders. Accordingly, abstentions or failing to instruct your broker or other nominee on how to vote with respect to this proposal will have no effect on this proposal.

We encourage you to vote **FOR** both proposals.

If your shares are held in "street name" and you do not indicate how you wish to vote, your broker is permitted to exercise its discretion to vote your shares on certain "routine" matters. The only routine matter to be submitted to our stockholders at the Special Meeting of Stockholders is Proposal 2. Proposal 1 is not a routine matter. Accordingly, if you do not direct your broker how to vote for a director in Proposal 1, your broker may not exercise discretion and may not vote your shares on that proposal.

For purposes of Proposal 2, broker non-votes are not considered to be "votes cast" at the meeting and the shares represented by broker non-votes are "entitled to vote" at the meeting. As such, a broker non-vote (although none are expected to exist in connection with Proposal 2) will have no effect on the outcome of the vote on such proposal. Abstentions will be counted in determining the total number of "votes cast" and the total number of shares present in person or represented by proxy and entitled to vote on Proposal 1 and will therefore have the effect of a vote AGAINST such proposal. Broker non-votes will also have the effect of a vote AGAINST Proposal 1. Abstention will have no effect on the outcome of the vote on Proposal 2.

Q: ***What should I do if I receive more than one set of voting materials?***

A: You may receive more than one set of voting materials, including multiple copies of this Proxy Statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a stockholder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date, and return each proxy card and voting instruction card that you receive.

Q: ***Where can I find the voting results of the Special Meeting of Stockholders?***

A: We intend to announce preliminary voting results at the Special Meeting of Stockholders and publish final results in a Current Report on Form 8-K that will be filed with the U.S. Securities and Exchange Commission (the "SEC") within four (4) business days after the meeting. If final voting results are not available to us in time to file a Current Report on Form 8-K within four (4) business days after the meeting, we intend to file a Current Report on Form 8-K to publish preliminary results and, within four (4) business days after the final results are known to us, file an additional Current Report on Form 8-K to publish the final results.

Q ***What happens if additional matters are presented at the Special Meeting of Stockholders?***

A: Other than the two (2) items of business described in this Proxy Statement, we are not aware of any other business to be acted upon at the Special Meeting of Stockholders. If you grant a proxy, the persons named as proxy holders, John Zotos, our Corporate Secretary and a director, and John Huemoeller, a director, will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting.

Q: ***How many shares are outstanding and how many votes is each share entitled?***

A: Each share of our common stock and preferred stock that is issued and outstanding as of the close of business on February 14, 2018, the record date, is entitled to be voted on all items being voted on at the Special Meeting of Stockholders, with each share being entitled to one vote on each matter. On the record date, 268,558,931 shares of common stock were issued and outstanding, 3,137,500 shares of Series A-1 preferred stock were issued and outstanding that are entitled to an aggregate of 31,375,000 votes, 40,000 shares of Series B preferred stock were issued and outstanding that are entitled to 4,000,000 votes and 4,500,000 shares of Series C preferred stock were issued and outstanding that are entitled to 120,000,000 votes.

Q: ***Who will count the votes?***

A: One or more inspectors of election will tabulate the votes.

Q: ***Is my vote confidential?***

A: Proxy instructions, ballots, and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed, either within our business or to anyone else, except: (1) as necessary to meet applicable legal requirements; (2) to allow for the tabulation of votes and certification of the vote; or (3) to facilitate a successful proxy solicitation.

Q: ***Who will bear the cost of soliciting votes for the Special Meeting of Stockholders?***

A: The Special Committee is making this solicitation on our behalf, and we will pay the entire cost of preparing, assembling, printing, mailing, and distributing these proxy materials. Certain of our directors, officers, and employees, without any additional compensation, may also solicit your vote in person, by telephone, or by electronic communication. On request, we will reimburse brokerage houses and other custodians, nominees, and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to stockholders. In addition to the use of the mails, proxies may be solicited by personal interview, telephone, telegram, facsimile and advertisement in periodicals and postings, in each case by our directors, officers and employees without additional compensation.

INFORMATION ABOUT THE ASSET SALE

Q: What is the proposed transaction?

A:

The proposed transaction is the sale of substantially all of our assets, including all pertinent intellectual property rights and other assets comprising our business of implementing plasma pulse technology, but excluding our cash, cash equivalents and marketable securities, to the Purchaser, pursuant to an Asset Purchase Agreement, annexed hereto as Annex A. The Purchaser will not be assuming any liabilities in connection with the Asset Sale.

Q: What is the Purchase Price of the Asset Sale?

A: The Purchase Price for the Asset Sale is $650,000 (the "Purchase Price").

Q: What will happen to the Company after the Asset Sale and will any of the proceeds from the Asset Sale be distributed to me?

A: If the requisite stockholder approval for the Asset Sale Proposal is obtained and we complete the Asset Sale, we intend to use some or all of the proceeds from the Asset Sale, along with other cash on our balance sheet, to consummate the Share Repurchase upon the closing of the Asset Sale. As of January 31, 2018, we had approximately $8,560,000 of cash and will receive $650,000 in the Asset Sale, but will use $8,500,000 in the Share Repurchase. This will leave us with approximately $710,000 in cash which, together with other potential sources of debt and equity financing, we expect to use to acquire additional businesses in the oil and gas industry, which include potentially acquiring an oilfield services business currently owned by two of our current directors.

Q: Why is the Special Committee recommending the Asset Sale?

A: The Special Committee believes that the Asset Sale and the Asset Purchase Agreement are fair to, advisable and in the best interests of, the Company and its stockholders. The Special Committee unanimously recommends that you vote "FOR" the adoption of the Asset Purchase Agreement. To review the Special Committee's reasons for recommending the Asset Sale, see the section entitled "*PROPOSAL 1— TO ADOPT THE ASSET PURCHASE AGREEMENT* -Reasons for the Asset Sale and Recommendation of the Special Committee" on pages 8 through 11 of this proxy statement. None of Norma, Ervington or any person affiliated with Norma or Ervington took part in the consideration, negotiation, approval or recommendation of the Asset Sale or the Share Repurchase.

Q: Will the Asset Sale be a taxable transaction to me?

A: Our U.S. stockholders will not realize any gain or loss for U.S. federal income tax purposes as a result of the Asset Sale. See "*PROPOSAL 1 —TO ADOPT THE ASSET PURCHASE AGREEMENT* -Material U.S. Federal Income Tax Consequences of the Asset Sale" beginning on page 12.

Q: When is the Asset Sale expected to be completed?

A: Pursuant to the terms of the Asset Purchase Agreement, the Asset Sale will be completed on the day after the date of the Special Meeting at which the majority of a minority vote is obtained.

Q: What will happen to our directors if the Asset Purchase Agreement is approved?

A: If the Asset Sale Proposal is approved by the requisite stockholder vote and the Asset Sale is completed, we will repurchase all of our outstanding securities held by Ervington for $8,500,000. Ervington currently holds 64,302,467 shares of our common stock, 3,137,500 shares of our Series A-1 preferred stock and 4,500,000 shares of our Series C Preferred Stock. Upon the closing of the Share Repurchase, Mr. Ivan Persiyanov, the Ervington designee on our board of directors, will resign from the three board positions that he currently holds and our current directors will add one or two additional directors to our board to fill the vacancy created by the resignation of Mr. Persiyanov.

Q: Are there any risks related to the Asset Sale?

A: Yes. You should carefully read the section entitled "*PROPOSAL 1—TO ADOPT THE ASSET PURCHASE AGREEMENT* - Risk Factors Related to the Asset Sale" beginning on page .

Q: What will happen if stockholders do not approve the Asset Sale at the Special Meeting of Stockholders?

A: If the Asset Sale does not receive the required approvals (i.e., the majority vote and the majority of the minority vote) then neither the Asset Sale or the Share Repurchase will be consummated and the Asset Purchase Agreement and the Share Purchase Agreement will terminate. If that occurs, our board of directors, in discharging its fiduciary obligations to our stockholders, will evaluate other strategic alternatives that may be available, which alternatives may not be as favorable to our stockholders as the Asset Sale and may include the bankruptcy and/or liquidation of the Company. We do not believe that any holder of our securities other than Ervington will receive any proceeds in any bankruptcy or liquidation.

PROPOSAL 1—TO ADOPT THE ASSET PURCHASE AGREEMENT

This section of the proxy statement describes the material provisions of the Asset Purchase Agreement but does not purport to describe all the provisions of the Asset Purchase Agreement. The following summary is qualified in its entirety by reference to the complete text of the Asset Purchase Agreement, which is included as ***Annex A*** *to this proxy statement and is incorporated into this proxy statement by reference. We urge you to read the full text of the Asset Purchase Agreement because it is the legal document that governs the Asset Sale. The Asset Purchase Agreement has been included to provide you with information regarding its terms. It is not intended to provide you with any other factual information about us. Such information can be found elsewhere in this proxy statement and in the other public filings we make with the U.S. Securities and Exchange Commission, which are available without charge at www.sec.gov.*

General

The Special Committee has negotiated the terms of an Asset Purchase Agreement with Norma whereby we proposed to sell substantially all of our assets, including all pertinent intellectual property rights comprising the Company's Current Business, but excluding our cash, cash equivalents and marketable securities, to Norma. After the completion of the Asset Sale, we expect to evaluate other business opportunities, which include potentially acquiring an oilfield services business, of which two of our current directors own a minority equity interest. We have not entered into an agreement with any potential acquisition candidate and have only been in the early stages of discussion. None of Norma, Ervington or Ivan Persiyanov has been, or will be, involved in any of such discussions or considerations.

Structure of the Asset Sale

We propose to sell substantially all of our assets to Norma, including all pertinent intellectual property rights comprising the Company's Current Business, but excluding our cash, cash equivalents and marketable securities, for an aggregate Purchase Price of $650,000 payable in cash at closing.

Principal Provisions of the Asset Purchase Agreement

Purchaser

The purchaser is Norma. Norma is the parent company of Ervington, which currently holds a majority of our outstanding voting securities and has appointed Ivan Persiyanov to serve on our board of directors and to have three (3) board votes (a majority of the board votes). However, the Special Committee considered, negotiated and approved the Asset Purchase Agreement and the Asset Sale. None of Mr. Persiyanov, Norma, Ervington or any of their respective affiliates had any involvement therewith on behalf of the Company.

Assets to be Sold

The assets to be purchased by Norma constitute substantially all of our operating assets, including all pertinent intellectual property rights comprising our Current Business, but excluding our cash, cash equivalents and marketable securities.

Consideration to Be Received in the Asset Sale; Share Repurchase

We will receive $650,000 in exchange for substantially all of our assets, including all pertinent intellectual property rights, comprising the Current Business, which amount we have instructed be paid by Norma to Ervington towards the purchase price that we will pay in connection with the Share Repurchase. Norma will not be assuming any liabilities in connection with the Asset Sale. We will retain our existing cash, cash equivalents and marketable securities upon consummation of the Asset Sale; however, a substantial portion of the cash retained will be used for the Share Repurchase. If the Asset Sale Proposal is approved by the requisite stockholder vote and the Asset Sale is completed, we will repurchase all of our outstanding securities held by Ervington for $8,500,000. We expect that we will have approximately $700,000 remaining after the Asset Sale and Share Repurchase. Ervington currently holds 3,137,500 shares of our Series A-1 preferred stock, 4,500,000 shares of our Series C Preferred Stock and 64,302,467 shares of our Common Stock.

Representations and Warranties

The Asset Purchase Agreement contains representations and warranties that we made to the Purchaser regarding, among other things:

•corporate matters, including due organization, power and qualification;

•authorization, execution, delivery and performance and the enforceability of the Asset Purchase Agreement;

•title to, and sufficiency of, the assets being sold;

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- governmental approvals and consents;

- compliance with laws and orders;

- litigation, governmental investigations or other legal proceedings; and

- the absence of undisclosed brokers' fees.

In addition, the Purchaser has made representations and warranties to us regarding, among other things:

- corporate matters, including due organization, power and qualification; and

- authorization, execution, delivery and performance and the enforceability of the Asset Purchase Agreement.

This description of the representations and warranties is included to provide investors with information regarding the terms of the Asset Purchase Agreement. It is not intended to provide any other factual information about us.

Further Assurances and Cooperation

Subject to the terms and conditions of the Asset Purchase Agreement, we will executive and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate the conveyance, transfer and assignment of the purchased assets to the Purchaser and to effectuate the transactions contemplated by the Asset Purchase Agreement. We will, at Norma's expense, assist and cooperate with Norma as may be necessary to transfer and assign to Norma and otherwise perfect and secure all purchased intellectual property rights.

The Escrow Agreement

We have placed in escrow with Delaware Trust Company, as the escrow agent, pursuant to the terms of an escrow agreement that we, Ervington and the escrow agent executed (the "Escrow Agreement"), the following: (i) a duly executed copy of the bill of sale transferring all of the assets to be transferred in the Asset Sale to Norma, (ii) a duly

executed copy of the assignment of the patent we own that is related to the Plasma Pulse Technology and (iii) $7,850,000 (representing the purchase price due to the Purchaser under the Share Repurchase Agreement less the $650,000 to be paid to us in respect of the Asset Sale that we have directed Norma to pay directly to Ervington). Ervington has placed in the same escrow, pursuant to the terms of the Escrow Agreement, the following: (i) the share certificates evidencing the 3,137,500 shares of our Series A common stock, 4,500 shares of our Series C preferred stock and the 64,302,467 shares of our common stock owned by Ervington, together with stock powers executed by Ervington transferring ownership of such certificates to us; (ii) the written resignation of Ivan Persiyanov as an officer and director of our company and its subsidiaries effective by its terms as of the closing. Immediately without any further action by us, Norma or Ervington, on the day after the Asset Sale is approved by the majority of the minority, the items placed in escrow by us will be released to the Purchaser and the items placed in escrow by the Purchaser will be released to us; provided; however if the requisite approval of the majority of the minority is not obtained by [•], the items placed in escrow by us will be released and returned to us and the items placed in escrow by Ervington will be released and returned to Ervington.

REASONS FOR THE ASSET SALE AND RECOMMENDATION OF THE SPECIAL COMMITTEE

The Special Committee has carefully considered the Asset Sale. The Special Committee believes that the price offered by Ervington is the best reasonably available price for the assets to be sold. Since 2013, we have been unable to generate more than nominal revenue from the assets comprising the Plasma Pulse Technology. In addition, the Joint Venture through Novas Energy North America, LLC (“NENA”) also failed to generate significant revenue from the use of the Plasma Pulse Technology. Furthermore, we have been unable to sell or license any of the tools we developed using the Plasma Pulse Technology.

Since 2013, we have attempted to monetize the use of our Plasma Pulse Technology in the United States and Mexico, initially on our own and from August 2015 until October 2016, indirectly through a joint venture with Technovita Technologies USA, Inc. Our initial attempts to penetrate the U.S. markets with the Plasma Pulse Technology were unsuccessful and therefore in July 2015, when we closed the final tranche of our private placement of the sale of our Series C Preferred Stock to Ervington and raised an additional $9,750,000, we shifted our operational focus from being a direct provider of well services based upon the Plasma Pulse Technology to actively seeking to acquire producing oil fields to generate revenues and the development of untapped hydrocarbon reserves. As a result, in August 2015, our board of directors and shareholders approved through the formation of a joint venture with Technovita Technologies USA, Inc., the exclusive sublicense to our majority owned subsidiary NENA of our rights to use the Plasma Pulse Technology that we had licensed from Novas Energy Group Limited pursuant to the terms of an exclusive license agreement, for treatment of vertical wells in the United States. Unfortunately, NENA was also unsuccessful in penetrating both the U.S. and Canadian markets with the Plasma Pulse Technology and therefore we terminated the Joint Venture in 2016. Our total revenue to date from use of the Plasma Pulse Technology has been $349,104.

During the past year, our management, at the direction of the board of directors, has evaluated, considered, and brought forward various opportunities and alternatives for our company. Ultimately, in light of our lack of management with the skills necessary to further develop the Plasma Pulse Technology market in the U.S., and in light of Ivan Persiyanov's relationship with Ervington on July 28, 2017, a Special Committee, consisting of John Huemoeller and John Zotos, was formed by the Company's board of directors, which was given the power to act on behalf of the board of directors to negotiate, approve or reject (or consider alternatives to) the potential buy back of Ervington's shares of the Company's Series C Preferred Stock, Series A Preferred Stock and Common Stock, and the sale to Ervington or an affiliate thereof of the Company's Plasma Pulse Technology. The Special Committee also has the power to effect the Asset Sale upon obtaining the requisite stockholder approval.

On August 7, 2017, we filed our Annual Report on Form 10-K for the year ended December 31, 2016, which among other things disclosed that our Board of Directors was evaluating several options including our possible dissolution, which the Special Committee determined would likely result in no distributions to any security holders other than Ervington as the holder of the Series C preferred stock.

Between July 28, 2017 and September 1, 2017, we sought unsuccessfully to identify and engage a valuation expert to obtain an independent opinion on the value of the Plasma Pulse technology assets.

On September 1, 2017, the Special Committee proposed that the buyback of Ervington's shares and sale of our assets be separated into two transactions, and further, that the buyback be effected first and at a price of $7,820,323, plus 51% of the net proceeds of any sale by us of the Plasma Pulse technology assets.

On September 15, 2017, Ervington rejected the Special Committee's proposal and asked the Special Committee to consider a proposal to purchase all of Ervington's shares of our Series C Preferred Stock, Series A Preferred Stock and Common Stock for $8,500,000, subject to the prior sale of the Plasma Pulse technology assets to it for $150,000. The $8,500,000 purchase price represents an approximately 42% discount to the aggregate amount that Ervington would receive with respect to the liquidation preference of the Series C Preferred Stock in any liquidation of the company prior to any or our other shareholders receiving any distributions. In addition, Ervington would agree to cancel approximately $1,500,000 of accrued but unpaid dividends on the Series C Preferred Stock that would otherwise be payable by the company in the future.

On September 19, 2017, the Special Committee proposed that the purchase all of Ervington's shares of our Series C Preferred Stock, Series A Preferred Stock and Common Stock be effected at a price of $8,500,000, subject to the simultaneous sale of the Plasma Pulse technology assets to it for $650,000.

On September 26, 2017, Ervington proposed that we purchase all of Ervington's shares of our Company's Series C Preferred Stock, Series A Preferred Stock and Common Stock for $8,500,000, subject to the simultaneous sale of the Plasma Pulse technology assets to it for $300,000.

On November 1, 2017 the Special Committee proposed that we acquire a new business ("New Business") with a bridge note prior to the purchase of Ervington's shares of our Series C Preferred Stock, Series A Preferred Stock and Common Stock and sale of the Plasma Pulse technology assets to it. The Special Committee also sought to raise the purchase price for the Plasma Pulse technology assets to $650,000. Thereafter, on November 10, 2017, the Special Committee provided information regarding AWE Oilfield Services, Inc., a company in which John Huemoeller and John Zotos hold a minority interest.

On November 13, 2017, Ervington through its attorneys advised that it would not approve any acquisition of a New Business prior to the purchase of Ervington's shares of our Series C Preferred Stock, Series A Preferred Stock and Common Stock and sale of the Plasma Pulse technology assets to it. Moreover, Ervington proposed that the sale of the Plasma Pulse technology assets to it be approved by a majority of our shareholders, excluding Ervington (i.e., a majority of the minority).

On November 20, 2017, the Special Committee advised Ervington that it was prepared to move forward with the purchase of Ervington's shares of our Series C Preferred Stock, Series A Preferred Stock and Common Stock for $8,500,000 and the simultaneous sale of the Plasma Pulse technology assets to it for $650,000, subject the approval of such asset sale by a majority of the minority. Thereafter, the parties began the preparation and negotiation of the terms of the Asset Purchase Agreement and Share Repurchase Agreement.

On February 12, 2018, the parties entered into the Asset Purchase Agreement and Share Repurchase Agreement.

The Special Committee has unanimously: (i) determined that the Asset Sale is fair, advisable and in the best interests of us and our stockholders, (ii) approved the Asset Purchase Agreement and the Asset Sale, and (iii) recommended that our stockholders vote in favor of the approval of the Asset Sale and the Asset Purchase Agreement.

In the course of reaching that determination and recommendation, the Special Committee considered a number of potentially supportive factors in its deliberations including:

- The Asset Sales and the Share Repurchase allow our stockholders the opportunity to potentially capitalized on our future business endeavors as opposed to losing that opportunity in a liquidation or bankruptcy in which only Ervington would receive any proceeds;

- the fact that we have suffered losses since our inception in 2008, have not generated significant revenue to date from the assets, including the tools we have developed to be used with the Plasma Pulse Technology, and expect to continue to experience losses for the foreseeable future and that we may never become profitable;

- the inability of the Joint Venture to generate significant revenue from the use of the Plasma Pulse Technology;

- the fact that we have experienced limited commercial adoption of the Plasma Pulse Technology to date, rely on a small number of customers and therefore we cannot predict whether we will ever become profitable from the use of the Plasma Pulse Technology;

- the determination by the Special Committee, after evaluating various strategic alternatives and conducting an extensive review of our financial condition, results of operations and business prospects, that attempting to raise additional capital, continuing to operate as a going concern or filing for bankruptcy protection was not reasonably likely to create greater value for our stockholders as compared to the value obtained for our stockholders pursuant to the Asset Sale;

- the substantial doubt about our ability to continue as a going concern in the near term and insufficient cash resources available to continue funding the operations of the Company beyond the near future;

- the belief by our board of directors, based on our sales and marketing efforts to date and the inability of the Joint Venture through NENA to successfully generate revenue from the Plasma Pulse Technology, that the pace of commercial adoption of the Plasma Pulse Technology and revenue derived from its use was unlikely to increase sufficiently for us to achieve profitability for the foreseeable future, if at all;

- the fact that the consideration to be paid in the Asset Sale is all-cash and we will retain our existing cash, cash equivalents and marketable securities, which we believe provides significantly greater value to our stockholders than any other alternative available;

- the Special Committee's belief that as a result of the extent of negotiations with Ervington, we obtained the highest consideration that Ervington was willing to pay or that we were likely to obtain from any other potential purchasers; and

- the Asset Sale is subject to the approval of our stockholders, including a majority of the voting stockholders exclusive of Ervington.

In the course of its deliberations, our board of directors also considered a variety of risks and other countervailing factors, including:

- obtaining a majority of the stockholders exclusive of Ervington;

- the risks and costs to us if the Asset Sale is not consummated, including the potential liquidation of our company;

- the fact that our stockholders will not participate in potential future growth and earnings, if any, as a result of potential increased commercial adoption of the Plasma Pulse Technology and the intellectual property developed by us to date;

- the interests of our officers and directors in the Asset Sale described below under “The Asset Sale - Interests of Certain Persons in the Merger.”

The foregoing discussion of the factors considered by the Special Committee is not intended to be exhaustive, but does set forth all of the material factors considered by the Special Committee. The Special Committee reached the unanimous conclusion to approve and adopt the Asset Purchase Agreement in light of the various factors described above and other factors that each member of our board of directors felt were appropriate. In view of the wide variety of factors considered by Special Committee in connection with its evaluation of the Asset Sale and the complexity of these matters, the Special Committee did not consider it practical, and did not attempt to quantify, rank or otherwise assign relative weights to the specific factors it considered in reaching its decision and did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to the ultimate determination of the Special Committee. Rather, the Special Committee made its recommendation based on the totality of information presented to it and the investigation conducted by it. In considering the factors discussed above, individual directors may have given different weights to different factors.

After evaluating these factors and consulting with its legal counsel and its other advisors, the Special Committee determined that the Asset Purchase Agreement was fair to and in the best interests of, our stockholders. Accordingly, the Special Committee unanimously adopted and approved the Asset Purchase Agreement. **The Special Committee unanimously recommends that you vote “FOR” the adoption of the Asset Purchase Agreement.**

The Asset Sale and the Share Repurchase allow our stockholders the opportunity to potentially capitalize on our future business endeavors as opposed to losing that opportunity in a liquidation or bankruptcy in which only Ervington would receive any proceeds.

After the completion of the Asset Sale, we expect to cease all activities related to the Current Business while evaluating other business opportunities, which include potentially acquiring an oilfield services business, a minority equity interest of which is currently owned by two of the Company's current directors, John Huemoeller and John Zotos. We have not entered into an agreement with any potential acquisition candidate and have only been in the early stages of discussion. None of Norma, Ervington or Ivan Persiyanov have been, or will be, involved in any of such discussions or considerations. However, due to their conflict of interest with the potential acquisition target in the oilfield services business, prior to acquiring any target for which they have a conflict of interest, Messrs. Huemoeller and Zotos intend to expand the board, form a special committee of the new members of the board and provide the new special committee with the power to approve the acquisition and negotiate the terms of any such acquisition.

FAIRNESS OF THE ASSET SALE

The Special Committee has carefully considered the Asset Sale and the price for the assets to be sold. The Special Committee believes that it has found the best reasonably available price. After considering the past performance of the assets and lack of interest from other suitors in a sale or license of the assets and the money spent to develop the tools being sold as part of the assets ($945,423), the Special Committee concluded that the price we will receive for the Asset Sale is fair to us and to our stockholders.

The Asset Sale and the Share Repurchase allow our stockholders the opportunity to potentially capitalize on our future business endeavors as opposed to losing that opportunity in a liquidation or bankruptcy in which only Ervington would receive any proceeds.

The Special Committee did not retain a financial advisor to issue a formal opinion as to the fairness of the transaction and does not believe that a fairness opinion could be rendered due to the unusual nature of the assets and lack of companies engaged in comparable businesses, but discussed the relevant issues with professional accountants, attorneys and financial advisors.

INTERESTS OF CERTAIN PERSONS IN THE ASSET SALE

Ivan Persiyanov, our chief executive officer and the designee to our board of directors appointed by Ervington, due to his affiliation with Ervington and Norma, has interests in the Asset Sale that may be in addition to, or different from, the interests of our stockholders. Therefore, we appointed the Special Committee, consisting of the other two board members, John Huemoeller and John Zotos, to act on behalf of the board of directors and to make a recommendation to the stockholders regarding the Asset Sale Proposal. The Special Committee was aware of these interests and considered them, among other matters, in approving the Asset Purchase Agreement, the Asset Sale and making its recommendation that our stockholders vote “FOR” the Asset Sale Proposal.

APPRAISAL RIGHTS

There are no appraisal or dissenters’ rights that are applicable under General Corporation Law of the State of Delaware to the execution, delivery and performance of the Asset Purchase Agreement or the consummation of the Asset Sale or any other transactions contemplated by the Asset Purchase Agreement.

REQUIRED VOTE

Under the General Corporation Law of the State of Delaware, the adoption of the Asset Purchase Agreement requires the affirmative vote of holders of a majority of the shares of our common stock outstanding on the record date and entitled to vote thereon. Ervington has informed the Special Committee that it will vote in favor of the Asset Sale Proposal, which vote is sufficient to carry such vote. In addition, the Asset Purchase Agreement provides that a condition to the consummation of the Asset Sale is that holders of a majority of the minority vote in favor of the Asset Sale Proposal. Therefore, in order for the Asset Sale to be consummated, the Asset Sale must be approved by holders of a majority of our voting securities outstanding on the record date exclusive of securities held by Ervington and a majority of the voting securities outstanding on the record date held by all holders.

CERTAIN EFFECTS OF THE ASSET SALE

Change of Control

Upon the closing of the Asset Sale, we will repurchase all of our outstanding securities held by Ervington, the current holder of a majority of our outstanding securities, for $8,500.000. Upon the closing of the Shares Repurchase, Mr. Ivan Persiyanov will resign as our Chief Executive Officer and from the three board positions that he currently holds and we expect that our current directors will add one or two additional directors to our board to fill the vacancy created by the resignation of Mr. Persiyanov. All agreements with Ervington, including the Investor's Rights Agreement and Stockholder's Agreement entered into on February 19, 2015 will terminate.

EFFECTS ON THE COMPANY IF THE ASSET SALE IS NOT COMPLETED

If the Asset Sale is not completed, our board of directors, in discharging its fiduciary obligations to our stockholders, will evaluate other strategic alternatives that may be available, which alternatives may not be as favorable to our stockholders as the Asset Sale and may include a bankruptcy and/or liquidation of the Company. We do not believe that any holder of our securities other than Ervington would receive any proceeds in any such bankruptcy or liquidation.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE ASSET SALE

The following discussion is a general summary of the material anticipated U.S. federal income tax consequences of the Asset Sale. This discussion is based upon the Internal Revenue Code of 1986, as amended (the "Code"), its legislative history, currently applicable and proposed treasury regulations under the Code, and published rulings and decisions, all as currently in effect as of the date of this proxy statement, and all of which are subject to change, possibly with retroactive effect. Tax considerations under state, local, and non-U.S. laws, or federal laws other than those pertaining to income tax, are not addressed in this proxy statement. The following discussion has no binding effect on the IRS or the courts.

The proposed Asset Sale is entirely a corporate action. Our U.S. stockholders will not realize any gain or loss for U.S. federal income tax purposes as a result of the Asset Sale.

The proposed Asset Sale will be treated as a sale of corporate assets in exchange for cash. We believe that our adjusted tax basis in the assets being sold will exceed the sales proceeds that will be received from Ervington; should that be the case, we will not incur any U.S. federal income tax as a result of the Asset Sale. In the event that we were to realize a gain as a result of the proposed Asset Sale, we anticipate that our tax attributes, including our U.S. federal net operating loss carryforwards ("NOLs"), will be available to offset all or a portion of our U.S. federal income tax liability resulting from such gain. However, utilization of these NOLs may generate an alternative minimum tax for U.S. federal income tax purposes. At this time, we are unable to determine the alternative minimum tax liability that would be generated by the use of our NOLs.

In addition, in general, under Section 382 of the Code, a corporation that undergoes an "ownership change" is subject to annual limitations on its ability to use its pre-change NOLs or other tax attributes to offset future taxable income or reduce taxes. Our past issuances of stock and other changes in our stock ownership may have resulted in an ownership change within the meaning of Section 382 of the Code; accordingly, our pre-change NOLs may be subject to limitation under Section 382.

The determination of whether we will realize gain or loss on the proposed Asset Sale and whether and to what extent our tax attributes will be available to offset the gain is highly complex and is based in part upon facts that will not be known until the completion of the Asset Sale. Therefore, it is possible that we will incur U.S. federal income tax as a result of the proposed Asset Sale.

RISK FACTORS RELATED TO THE ASSET SALE

In addition to the other information contained in this Proxy Statement, you should carefully consider the following risk factors when deciding whether to vote to approve the Asset Sale Proposal and the Adjournment Proposal. You should also consider the information in our other reports on file with the SEC. See "Where You Can Find More Information."

There can be no guarantee that the Asset Sale will be completed and, if not completed, it may materially and adversely affect our business, financial condition and results of operations.

The consummation of the Asset Sale is subject to the approval of the Asset Sale by a majority of the minority of our stockholders. No assurance can be given whether such approval will be obtained. If the Asset Sale is not consummated, we may be subject to a number of risks, including the following:

- we may not be able to identify an alternate transaction, or if an alternate transaction is identified, such alternate transaction may not result in an equivalent price to what is proposed in the Asset Sale;

- the trading price of our common stock may decline to the extent that the then current market price reflects a market assumption that the Asset Sale will be consummated; and

- our relationships with our customers, suppliers and employees may be damaged beyond repair and the value of our assets will likely significantly decline.

The occurrence of any of these events individually or in combination will likely materially and adversely affect our business, financial condition and results of operations, cause the market value of our common stock to significantly decline or become worthless and force us to file for bankruptcy protection, liquidate and/or windup our operations. If we were to liquidate, it is unlikely that common stockholders or junior preferred stockholders will receive any liquidation distributions.

Even if the Asset Sale is consummated, we cannot assure you that any New Business that we may acquire will be successful

We intend to engage in a new line of business if the Asset Sale is consummated. There is a risk that we will be unable to find a suitable acquisition candidate or successfully operate any new line of business or be able to successfully integrate it with our current management and structure. Our estimates of capital, personnel and equipment required for our new line of business are based on the experience of management and businesses they are familiar with. We are subject to the risks such as our ability to implement our business plan, market acceptance of our proposed business and services, under-capitalization, cash shortages, limitations with respect to personnel, financing and other resources, competition from better funded and experienced companies, and uncertainty of our ability to generate revenues. There is no assurance that our activities will be successful or will result in any revenues or profit, and the likelihood of our success must be considered in light of the stage of our development. Even if we generate revenue, there can be no assurance that we will be profitable. We have insufficient results for investors to use to identify historical trends or even to make quarter to quarter comparisons of our operating results. You should consider our prospects in light of the risk, expenses and difficulties we will encounter as an early stage company. Our revenue and income potential is unproven and our business model is continually evolving. We are subject to the risks inherent to the operation of a New Business enterprise, and cannot assure you that we will be able to successfully address these risks.

Our future plans and operations may require that we raise additional capital.

Upon consummation of the Asset Sale and the Share Repurchase, we anticipate that our cash balance will be approximately $710,000. We do not know that the remaining cash will be sufficient to allow us to implement our anticipated plan of operations or meet our future anticipated cash flow requirements. If we require additional capital, it may not be available on terms that are favorable to us, if at all.

The tax treatment of the Asset Sale or any liquidating distributions may vary from stockholder to stockholder, and the discussions in this proxy statement regarding such tax treatment are general in nature.

You should consult your own tax advisor instead of relying on the discussions of tax treatment in this proxy statement for tax advice.

We have not requested a ruling from the Internal Revenue Service ("IRS") with respect to the anticipated tax consequences of the Asset Sale, and we will not seek an opinion of counsel with respect to the anticipated tax consequences of the Asset Sale or any liquidating distributions. If any of the anticipated tax consequences described in this proxy statement proves to be incorrect, the result could be increased taxation at the corporate and/or stockholder level, thus reducing the benefit to our stockholders and us from the liquidation and distributions. Tax considerations applicable to particular stockholders may vary with and be contingent upon the stockholder's individual circumstances.

We may be subject to securities litigation, which is expensive and could divert our attention.

We may be subject to securities class action litigation in connection with the Asset Sale and/or the Share Repurchase. Securities litigation against us could result in substantial costs and divert our management's attention from closing the Asset Sale, which could harm our business and increase our expenses.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

(amounts in thousands except share and per share data)

The following unaudited pro forma condensed consolidated financial statements are based upon our historical consolidated statements, adjusted to give effect to the sale of substantially all of the assets of the Company in accordance with the Asset Purchase Agreement between the Company and Norma and the repurchase of all of our securities owned by Ervington in accordance with the Share Repurchase Agreement between the Company and Ervington. These unaudited pro forma condensed consolidated financial statements are derived from, and should be read in conjunction with, the Company's Annual Report on Form 10-K for the year ended December 31, 2016 filed with the "SEC on August 7, 2017 and the Quarterly Reports on Form 10-Q for the interim periods ended March 31, 2017, June 30, 2017 and September 30, 2017, filed with the SEC on October 17, 2017, December 18, 2017 and February 12, 2018, respectively.

The unaudited pro forma condensed consolidated balance sheet gives effect to the proposed Asset Sale and Share Repurchase as if they had occurred on September 30, 2017. The cash proceeds and impact of the resulting gain are only included in the September 30, 2017 unaudited pro forma condensed consolidated balance sheet. The unaudited pro forma condensed consolidated statements of operations for the nine months ended September 30, 2017 give effect to the Asset Sale and Share Repurchase as if it had occurred on September 30, 2017.

The pro forma adjustments related to the sale of substantially all of our assets and the repurchase of all of our securities held by Ervington are based on available information and assumptions that management believes are (1) directly attributable to the Asset Sale and Share Repurchase; (2) factually supportable; and (3) with respect to the unaudited pro forma condensed consolidated statements of operations, expected to have a continuing impact on consolidated operating results. Certain of the most significant assumptions are set forth under the Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements.

We have included the following unaudited pro forma condensed consolidated financial information solely for the purpose of providing stockholders with information that may be useful for purposes of considering and evaluating the proposal to approve the Asset Sale. The unaudited pro forma condensed consolidated financial information is not necessarily indicative of the results of operations or financial position that might have been achieved for the dates or periods indicated, nor is it indicative of the results of operations or financial position that may occur in the future.

The unaudited pro forma consolidated financial information is provided for illustrative purposes only and does not purport to represent what the actual results of operations would have been had the Asset Sale and Share Repurchase occurred on the respective dates assumed, nor is it necessarily indicative of our future operating results. The unaudited pro forma condensed consolidated financial information does not purport to reflect what we anticipate the actual state

of operations to be following the completion of the Asset Sale and Share Repurchase. Furthermore, in future reports that we file with the SEC, the *pro forma* adjustments may differ from those that will be calculated for purposes of reporting discontinued operations in future filings. We caution stockholders that our future results of operations, including uses of cash and financial position, will significantly differ from those described in these unaudited pro forma condensed consolidated financial statements, and accordingly, these unaudited pro forma condensed consolidated financial statements should be read in conjunction with the disclosures in the proxy statement to which they are attached regarding the nature of our business following completion of the trans The unaudited pro forma consolidated financial information and the accompanying unaudited notes should be read in conjunction with our consolidated financial statements and notes thereto included by reference in this proxy statement.

PLEDGE PETROLEUM CORP.

PROFORMA CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2017 (Unaudited)		Proforma Adjustments	Proforma September 30, 2017 (Unaudited)
Assets				
Current Assets				
Cash	$ 8,755,803	A,B	$ (7,850,000)	$ 905,803
Prepaid expenses	19,685			19,685
Total Current Assets	8,775,487		(7,850,000)	925,487
Non-Current Assets				
Plant and equipment, net	10,198			10,198
Deposits	530			530
Total Non-Current Assets	10,728		-	10,728
Total Assets	$ 8,786,215		$ (7,850,000)	$ 936,215
Liabilities and Stockholders' Equity				
Current Liabilities				
Accounts payable	$ 64,449		$ -	$ 64,449
Accrued expenses and other payables	14,860			14,860
Net liabilities of discontinued operations	1,025,716			1,025,716
Notes payable	3,000			3,000
Total Current Liabilities	1,108,025		-	1,108,025
Stockholders' Equity				
Series A-1 Convertible Preferred stock, $0.01 par value; 5,000,000 shares designated, 3,137,500 shares issued and outstanding. (liquidation preference $251,000)	3,138	B	(3,138)	-
Series B Convertible, Redeemable Preferred Stock, $0.001 par value; 500,000 shares designated; 40,000 issued and outstanding. (liquidation preference $480,000)	40			40
Series C Convertible, Preferred Stock, $0.001 par value, 4,500,000 shares designated, 4,500,000 issued and outstanding (liquidation preference $14,750,000)	4,500	B	(4,500)	-
Common stock, $0.001 par value; 500,000,000 shares authorized, 268,558,931 shares issued and outstanding.	268,559	B	(64,302)	204,257
Additional paid-in-capital	26,377,580	A	650,000	27,027,580
Treasury Stock		B	(8,428,060)	(8,428,060)
Accumulated deficit	(18,975,627)			(18,975,627)

Total Stockholders' Equity	7,678,189	(7,850,000)	(171,811)
Total Liabilities and Stockholders' Equity	$8,786,215	$(7,850,000)	$936,215

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PLEDGE PETROLEUM CORP.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Nine months ended September 30, 2017	Proforma Adjustments	Proforma Nine months ended September 30, 2017
Net Revenue	$ 25,000	$ -	$ 25,000
Cost of Goods Sold	-		-
Gross Profit	$ 25,000	$ -	$ 25,000
Sales and Marketing	4,491		4,491
Professional fees	222,249		222,249
Business development	-		-
Consulting fees	34,236		34,236
General and administrative	223,558		223,558
Depreciation, amortization and impairment charges	4,128		4,128
Total Expense	488,662	-	488,662
Loss from Operations	(463,662)	-	(463,662)
Other income (expense)	-		-
Finance costs	476		476
Loss before Provision for Income Taxes	(463,186)	-	(463,186)
Provision for Income Taxes	-		-
Net Loss from continuing operations	(463,186)	-	(463,186)
Loss for discontinued operations, net of tax	-		-
Net loss attributable to non-controlling interest of discontinued operation	-		-
Loss from discontinued operations, net of non-controlling interest	-	-	-
Net Los Attributable to Controlling Interest	(463,186)	-	(463,186)
Undeclared Series B and Series C Preferred stock dividends	(468,214)		(468,214)
Net loss available to common stock holders	$ (931,400)	$ -	$ (931,400)