

---

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the action you should take, you should consult an appropriate independent financial adviser. If you have sold or otherwise transferred all your Ordinary Shares in Premier Oil plc, you should forward this document and the accompanying 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.

---

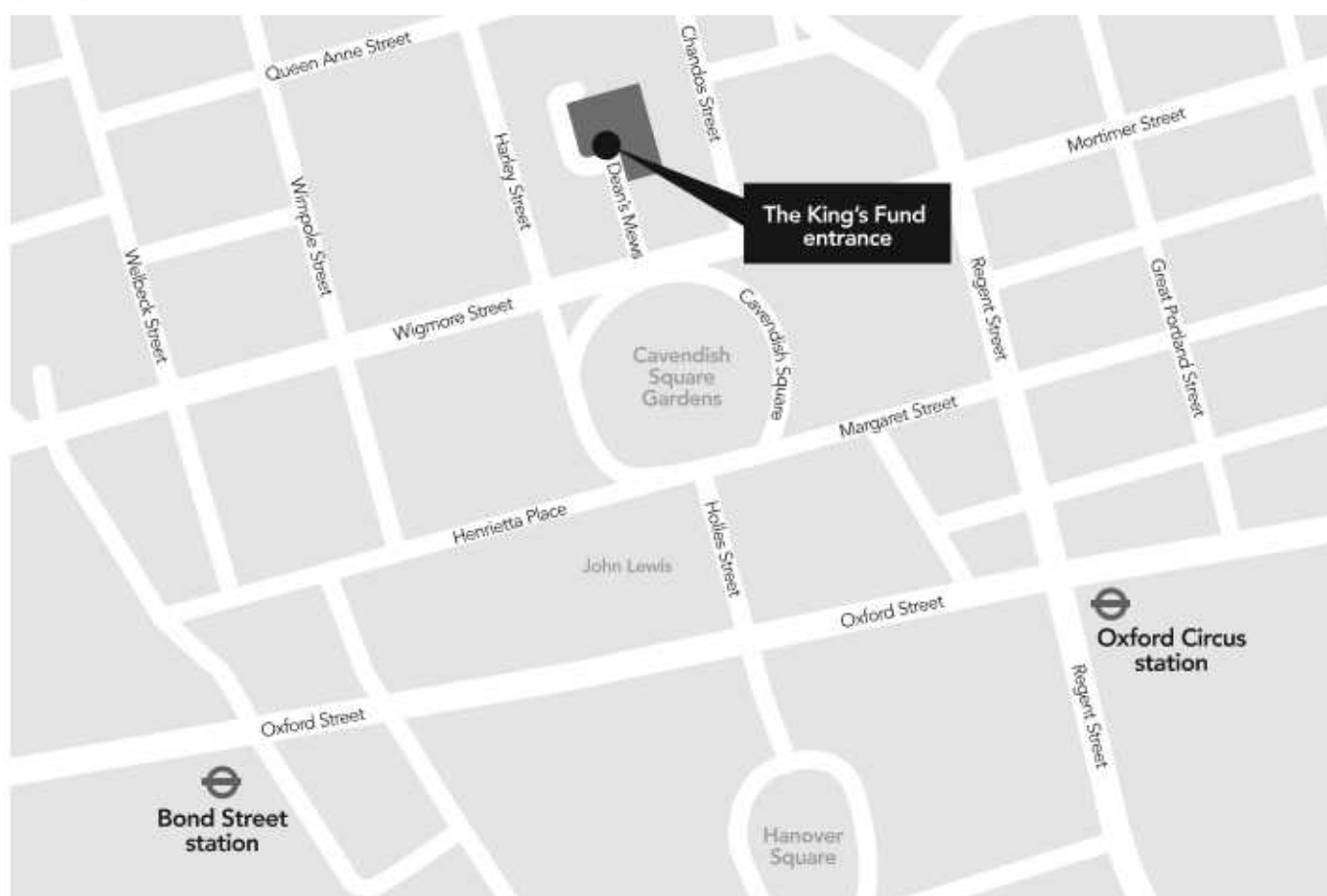
# Premier Oil plc

## Letter from the Chairman and Notice of Annual General Meeting

---

NOTICE OF THE ANNUAL GENERAL MEETING of the Company to be held at No.11 Cavendish Square, London, W1G 0AN at 11.00am on Thursday 16 May 2019 is contained within this document.

## Location



## Date

16 May 2019

## Address

No.11  
Cavendish Square  
London  
W1G 0AN

**Please use The King's Fund entrance in Dean's Mews, off Cavendish Square.**

## Directions

The nearest underground station is Oxford Circus (Bakerloo, Central and Victoria lines), please use exit 4 (corner near H&M store).

## Bus Routes

3, 6, 7, 8, 10, 12, 13, 15, 23, 25, 55, 73, 88, 94, 98, 113, 137, 139, 159, 176, 189, 390, 453, C2.

## Parking

Cavendish Square car park, Harley Street car park (enter from Chandos Street).

## Contact for queries

Philip Ryan  
Telephone: 020 7730 1111

## Contents

Page 01	Letter from the Chairman (including an explanation of the resolutions proposed)
Page 04	Directors seeking election or re-election
Page 07	Notice of Annual General Meeting
Page 09	Notes to the Notice of the Meeting
Page 11	Appendix 1: Premier Oil Save As You Earn Plan – Summary of key terms
Page 13	Appendix 2: Premier Oil Share Incentive Plan – Summary of key terms

27 March 2019

Dear Shareholder,

I am pleased to enclose the Notice of the Annual General Meeting of Premier Oil plc (the 'Company') to be held at No. 11 Cavendish Square, London W1G 0AN at 11.00am on Thursday 16 May 2019 (the 'Meeting'). The formal Notice of the Meeting is set out on pages 7 and 8 of this document.

### **Voting**

In order for the voting preferences of all shareholders to be taken into account, irrespective of whether they can physically attend the Meeting, the Company will conduct a poll vote on all resolutions put to the Meeting. If you would like to vote on the resolutions being put to the Meeting but cannot attend in person, please complete the Form of Proxy sent with this Notice and return it to the Company's Registrar, Link Asset Services, PXS 1, 34 Beckenham Road, Beckenham, BR3 4ZF as soon as possible. You may also submit your proxy electronically by visiting the website of the Company's Registrar at [www.premier-oil-shares.com](http://www.premier-oil-shares.com). Instructions on how to do this can be found on the Form of Proxy.

To be valid, the Form of Proxy or online voting instruction must be received by the Company's Registrar, Link Asset Services, no later than 11.00am on Tuesday 14 May 2019. CREST members may choose to use the CREST electronic proxy appointment service in accordance with the procedures set out on pages 9 and 10.

The results of the poll will be released to the market and published on the Company's website as soon as practicable after the conclusion of the Meeting.

### **Ordinary Resolutions**

At this year's Meeting there are 22 resolutions which shareholders are asked to approve. Resolutions 1 to 18 (inclusive) are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 19 to 22 (inclusive) are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

#### **Resolution 1: 2018 Annual Report and Financial Statements**

The Companies Act 2006 requires the Directors of a public company to lay before the Company in general meeting the annual report and accounts of the Company for each financial year. The Directors ask that shareholders receive the Company's Annual Report and Financial Statements for the year ended 31 December 2018 (the 'Annual Report and Financial Statements'), including the reports of the Directors and the Auditor.

#### **Resolution 2: Annual Statement by the Chairman of the Remuneration Committee and the Annual Report on Remuneration**

Resolution 2 seeks shareholder approval for the Annual Statement by the Chairman of the Remuneration Committee, and the Annual Report on Remuneration which can be found on pages 79 to 81, and 92 to 107 (inclusive) respectively of the Annual Report and Financial Statements.

The Annual Report on Remuneration sets out payments made to Directors during 2018 and explains how the Remuneration Policy, which was approved by shareholders at the 2017 Annual General Meeting, will be implemented in 2019. The vote on Resolution 2 is an advisory vote and any entitlement of a Director to remuneration is not conditional on Resolution 2 being passed.

The Company's Auditor during the year, Ernst & Young LLP, has audited those parts of the Annual Report on Remuneration that are required to be audited and their report may be found on pages 112 to 120 (inclusive) of the Annual Report and Financial Statements.

#### **Resolutions 3 to 12: Election or re-election of Directors**

The Company's Articles of Association require all Directors to be subject to election by shareholders at the first annual general meeting following their appointment and for re-election by shareholders at least every three years. The Directors propose the election of Barbara Jeremiah as an independent, Non-Executive Director at the forthcoming AGM.

The provisions of the UK Corporate Governance Code (the 'Code') state that all directors of FTSE 350 companies should be subject to annual re-election by shareholders and the Directors continue to comply with this provision of the Code. All Directors in place as at the date of this Notice will therefore offer themselves for re-election at the AGM.

Biographical details of all Directors standing for election or re-election are set out on pages 4 to 7 of this document. The Board considers that all Non-Executive Directors standing for election or re-election are independent in character and judgement. In addition, and following individual performance evaluations conducted during the year, the Board considers that each Director standing for re-election continues to make an effective and valuable contribution and demonstrates commitment to the role. Accordingly, the Board unanimously recommends the election or re-election of each of the Directors listed in Resolutions 3 to 12.

#### **Resolution 13: Re-appointment of the Auditor**

UK company legislation requires that shareholders re-appoint the external auditor at each general meeting at which accounts are laid before the Company, to hold office until the end of the next such meeting. Following a review of the work undertaken by Ernst & Young LLP and on the recommendation of the Audit and Risk Committee, the Board is proposing to shareholders the re-appointment of Ernst & Young LLP as the Company's auditor having expressed their willingness to continue in office for a further year.

#### **Resolution 14: Auditor's remuneration**

If authorised by shareholders, the Directors may set the remuneration payable to the external auditor and Resolution 14 proposes the renewal of the current authority to do so. The Board has delegated this authority to the Audit and Risk Committee. Details of the remuneration paid to the external auditor during the year ended 31 December 2018 may be found in the Annual Report and Financial Statements.

## Resolution 15: Political donations

The Company's policy is not to make political donations or to incur political expenditure; however, the definitions of these terms under the Companies Act 2006 are very wide. For example, bodies such as those concerned with policy review and law reform or with the representation of the business community or sections of it, which the Company and/or its subsidiaries may see benefit in supporting, may be included in these definitions. The Company therefore wishes to ensure that neither it nor its subsidiaries inadvertently contravene the Companies Act 2006 through the undertaking of routine activities, which would not normally be considered to result in the making of political donations or political expenditure being incurred. The Board is therefore seeking authority, under sections 366 and 367 of the Companies Act 2006, to fund donations or incur expenditure up to an aggregate limit of £50,000 per annum as set out in the Resolution. Any political donation made or political expenditure incurred which is in excess of £2,000 will be disclosed in the Company's Annual Report and Financial Statements for 2019, as required by the Companies Act 2006.

## Resolution 16: General authority to allot shares

Resolution 16 seeks authority for the Board to allot, or grant rights to subscribe for or convert securities into, a limited number of shares in the Company. Section 551 of the Companies Act 2006 requires such authority to be granted by the Company in a general meeting so that any allotment of shares or grant of rights to subscribe for or convert securities into shares is not exercised at the sole discretion of the Directors. The Resolution specifies the maximum nominal amount of shares which can be allotted or rights granted.

Guidance published by the Investment Association in 2016 states that its members will regard as routine an authority to allot up to two-thirds of existing issued share capital, provided that any amount in excess of one-third of existing issued shares be applied to fully pre-emptive rights issues only. The Board considers it appropriate to follow this guidance.

Part a) of this Resolution therefore authorises the Directors to allot Ordinary Shares or grant rights to subscribe for or convert securities into shares up to an aggregate nominal amount equal to £34,235,029 (representing 273,880,332 Ordinary Shares of 12.5 pence each). This amount represents approximately one-third of the issued Ordinary share capital (excluding treasury shares) of the Company.

Part b) of this Resolution authorises the Directors to allot Ordinary Shares or grant rights to subscribe for or convert securities into shares in connection with a rights issue in favour of Ordinary shareholders up to an aggregate nominal amount equal to £68,470,059, less the nominal amount of any shares issued under part a) of the Resolution. This amount represents approximately two-thirds of the issued Ordinary share capital (excluding treasury shares) of the Company.

The figure used for the nominal amount of issued Ordinary share capital of the Company is based on the Ordinary share capital in issue as at 27 March 2019. As at 27 March 2019, no Ordinary Shares are held by the Company in treasury. Except in connection with existing arrangements to issue Ordinary Shares (to satisfy options and awards under the Company's option and incentive schemes and one-off incentive arrangements), the Directors have no present intention to exercise either of the authorities sought under this Resolution but would like the flexibility to do so in appropriate circumstances, such as in connection with any future acquisition by the Company. The authorities renew the existing general share allotment authorities given at the 2018 AGM and are in addition to the special share allotment authorities granted in 2017 in connection with the Company's refinancing.

These authorities shall last until the conclusion of the Annual General Meeting of the Company to be held in 2020 or on 15 August 2020, whichever is the sooner.

## Resolution 17: Premier Oil Save As You Earn Plan

The Company has been successfully operating Save As You Earn ("SAYE") plans for a number of years and the Board continues to believe that such schemes are an important tool in the motivation and retention of staff. The existing scheme was approved by shareholders in 2009 and will expire on 29 May 2019.

Resolution 17 seeks shareholder approval to adopt a new SAYE plan (the "SAYE Plan"), on substantially the same terms as the existing scheme, for a period of 10 years from the date of the Meeting. It also gives the Directors authority to establish schedules to the SAYE Plan or separate plans, which are commercially similar, for the purposes of granting awards to employees and executive directors who are based outside of the UK. Any shares made available under such plans or schedules will count towards the limits on individual and overall participation in the SAYE Plan. A summary of the principal terms of the SAYE Plan is set out in Appendix 1.

## Resolution 18: Premier Oil Share Incentive Plan

Resolution 18 seeks approval to amend the rules of the existing Premier Oil Share Incentive Plan (the "SIP"), which is an all-employee HMRC tax advantaged 'share incentive plan'. The Company wishes to update the SIP rules to reflect developments in best practice and ease administration. Accordingly, this Resolution 18 seeks approval of the updated rules of the Premier Oil Share Incentive Plan, which are substantially the same as the existing SIP rules but include certain minor amendments to reflect best practice. It also gives the Directors authority to establish schedules to the SIP or separate plans, which are commercially similar, for the purposes of granting awards to employees and executive directors who are based outside of the UK. Any shares made available under such plans or schedules will count towards the limits on individual and overall participation in the SIP. A summary of the principal terms of the SIP (as amended) is set out in Appendix 2.

## Special Resolutions

### Resolutions 19 and 20: General disapplication of pre-emption rights and specific disapplication of pre-emption rights in connection with an acquisition or specified capital investment

If a company proposes to allot Ordinary Shares or other 'equity securities' (including by way of sale of any shares which the Company has purchased and has elected to hold as treasury shares) wholly for cash, it has a statutory obligation (subject to certain exemptions) to offer those shares to holders of similar shares in proportion to their existing holdings. Resolutions 19 and 20 seek to disapply this statutory right of first refusal to a limited extent to give the Directors the power to allot Ordinary Shares (or sell any Ordinary Shares which the Company holds in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings. The powers under Resolutions 19 and 20 shall last until the conclusion of the Annual General Meeting of the Company to be held in 2020 or at the close of business on 15 August 2020, whichever is the sooner.

Part a) of Resolution 19 provides the Directors with flexibility to deal with practical issues such as fractional entitlements and securities law restrictions in overseas jurisdictions when making an offer that is otherwise pre-emptive, and would apply to any allotment of shares under Resolution 16. Part b) of Resolution 19 contains a broader general disapplication of pre-emption rights up to an aggregate nominal amount of £5,135,254 (representing 41,082,032 Ordinary Shares). This aggregate nominal amount represents approximately 5 per cent of the issued Ordinary share capital of the Company (excluding treasury shares) as at 27 March 2019.

In accordance with the Pre-Emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling three-year period, the Directors also confirm their intention that no more than 7.5 per cent of the issued Ordinary share capital (excluding treasury shares) will be issued for cash on a non-pre-emptive basis, pursuant to sub-paragraph b) of Resolution 19 and equivalent authorities in other years during any rolling three-year period, without prior consultation with shareholders.

Resolution 20 is intended to give the Company flexibility to make non-pre-emptive issues of Ordinary Shares in connection with acquisitions and other capital investments as contemplated by the Pre-Emption Group's Statement of Principles. The power under Resolution 20 is in addition to the power set out in Resolution 19 and would be limited to allotments or sales of up to an aggregate nominal amount of £5,135,254 (representing 41,082,032 Ordinary Shares). This aggregate nominal amount represents an additional 5 per cent of the issued Ordinary share capital of the Company (excluding treasury shares) as at 27 March 2019.

#### **Resolution 21: Purchase of own shares**

Resolution 21 seeks authority for the Company to make market purchases of its own Ordinary Shares, which would otherwise be prohibited by the Companies Act 2006. The Directors continue to believe that the Board should retain the flexibility to be able to buy back the Company's shares when it is in the best interests of shareholders to do so and will result in an increase in earnings per share; therefore Resolution 21 proposes a renewal of the existing authority.

The Resolution specifies the maximum number of shares that can be acquired (approximately 10 per cent of the issued Ordinary share capital (excluding treasury shares) of the Company) and the minimum and maximum prices at which they may be bought. Any shares purchased under the authority granted by the Resolution will either be cancelled or may be held as treasury shares (see further below).

The minimum price, exclusive of expenses, which may be paid for an Ordinary Share is an amount equal to the nominal value of an Ordinary Share. The maximum price, exclusive of expenses, which may be paid for an Ordinary Share is the higher of: (i) an amount equal to 5 per cent above the average of the closing middle-market quotations of an Ordinary Share for the five business days immediately preceding the date of the purchase; and (ii) the price of the last independent trade and the highest current independent purchase bid on the trading venues where the purchase is carried out.

Under the buyback programme undertaken in 2014, shares were repurchased and cancelled. However, there may be times in the future when the Board will consider it appropriate to hold any repurchased shares in treasury, provided that the number does not at any time exceed 10 per cent of the Company's issued Ordinary share capital. This would give the Company the ability to re-issue treasury shares quickly and cost-effectively, and would provide the Company with additional flexibility in the management of its capital base.

As at 27 March 2019, the full exercise of all equity warrants issued by the Company and satisfaction of all awards and options outstanding under the Company's employee share plans, where the Company's current intention is to use new issue shares (on a net basis and assuming all performance conditions are met) would require the issue of approximately 96.4 million Ordinary Shares representing approximately 11.7 per cent of the current issued share capital of the Company. If the Company were to purchase the maximum number of Ordinary Shares permitted by the Resolution and by the existing authority given at last year's Annual General Meeting, the equity warrants, awards and options outstanding would represent approximately 14.5 per cent of the Company's issued Ordinary share capital. The authority will expire at the conclusion of the Annual General Meeting of the Company to be held in 2020 or at the close of business on 15 August 2020, whichever is the sooner.

#### **Resolution 22: Notice period for general meetings other than the Annual General Meeting**

Under the Companies (Shareholders' Rights) Regulations 2009, the notice period for general meetings increased to not less than 21 clear days unless shareholders approve a shorter period, which cannot be less than 14 clear days. Resolution 22 therefore seeks to renew the authority granted at the last Annual General Meeting allowing the Company to call general meetings (other than an Annual General Meeting) on 14 clear days' notice provided that a means of electronic voting is made available to all shareholders for that meeting. The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole. Annual General Meetings of the Company will continue to be held on at least 21 clear days' notice. The approval will be effective until the conclusion of the Company's Annual General Meeting to be held in 2020, when it is intended that a similar resolution will be proposed.

The Directors consider that all resolutions to be considered at the Meeting are in the best interests of the Company and its members as a whole. The Directors unanimously recommend that you vote in favour of all the proposed resolutions, as they intend to do in respect of their own shareholdings.

Yours sincerely

**Roy A Franklin**  
Chairman



## Directors seeking election or re-election

- (A) Audit and Risk  
 (R) Remuneration  
 (N) Nomination  
 ● Chairman of Committee



**Roy A Franklin**  
Chairman

**Board tenure**  
1 year 6 months

### Current external roles

- Non-Executive Director and Deputy Chairman of Equinor
- Senior Independent Non-Executive Director of Wood plc
- Member of the Advisory Board of Kerogen Capital LLC
- Chairman of privately held Cuadrilla Resources Ltd
- Chairman of privately held Ennegean Israel Ltd

### Past roles

- Non-Executive Director of Santos Ltd
- Chairman of Keller Group PLC
- Non-Executive Director of OMV AG
- Non-Executive Director of Boart Longyear Ltd
- Chairman of Novera Energy PLC
- Chief Executive Officer of Paladin Resources PLC
- Group Managing Director of Clyde Petroleum plc

### Board contribution

Roy has more than 45 years' experience as an executive in the oil and gas industry. He spent 18 years at BP and has served on a number of international energy boards in non-executive roles. He has extensive experience in chairing boards of listed companies, and his expertise in the energy sector in particular enables him to ensure that the Board focuses on the right issues and discusses them productively.

### Committee membership

(N)

**Independent**  
Yes<sup>1</sup>



**Tony Durrant**  
Chief Executive Officer

**Board tenure**  
13 years 8 months

**Current external roles**  
Not applicable

### Past roles

- Non-Executive Director and Chairman of the Audit & Risk and Remuneration Committees of Greenergy Fuels
- Managing Director and Head of the European Natural Resources Group at Lehman Brothers
- Member of the Advisory Committee of Flowstream Commodities

### Board contribution

Tony has been involved in numerous financing and mergers and acquisitions transactions in the upstream sector and, since joining Premier as Finance Director in 2005, has been instrumental in transforming Premier's portfolio from producing 35,000 boepd to one that is currently producing circa 75,000 boepd. Now with nearly 14 years' experience at Premier including over 4 years as CEO, Tony has a deep understanding of the Company and the economic, financial and political environment in which it operates. This, together with his long experience as Premier's Finance Director, is invaluable as he leads Premier in identifying and progressing growth opportunities and restoring the strength of the balance sheet.

### Committee membership

(N)

**Independent**  
Not applicable



**Richard Rose**  
Finance Director

**Board tenure**  
4 years 6 months

**Current external roles**  
Not applicable

### Past roles

- Chartered accountant with Ernst & Young LLP
- Partner in Equity Research at Oriel Securities
- Managing Director at RBC Capital Markets
- Strategy and Head of Corporate Communications at Ophir Energy

### Board contribution

Richard brings a wealth of knowledge and experience to Premier, including his time as an adviser to the Company in his previous corporate broking roles. He has extensive knowledge of debt and equity markets which were invaluable for Premier in completing the comprehensive refinancing of the Group's debt facilities in 2017, and his experience in this area continues to be of vital importance as the Company looks to ensure appropriate financing for its growth activities.

### Committee membership

None

**Independent**  
Not applicable

<sup>1</sup>Chairman was independent on appointment.

- (A) Audit and Risk  
 (R) Remuneration  
 (N) Nomination  
 ● Chairman of Committee



**Robin Allan**  
Director, North Sea and Exploration

**Board tenure**  
15 years 3 months

**Current external roles**

- Chairman of The Association of British Independent Oil Exploration Companies ('BRINDEX')
- Board member of Oil & Gas UK

**Past roles**

- Within Premier, Robin has previously served in a variety of roles including: Director Asia, Director of Business Development and Country Manager in Indonesia
- Robin joined Premier in 1986 from Burmah Oil

**Board contribution**

With a background as a geologist, Robin has 30 years' experience in senior positions at Premier and has a particularly thorough understanding of the Company's operations having worked both in South East Asia and the UK. He now plays a leading role within the UK oil industry, representing North Sea operators through his additional roles as Chairman of BRINDEX and as a Board member of Oil & Gas UK. With the increase in size of Premier's UK operations over recent years, Robin's understanding of the operational and regulatory environment in the North Sea has been and continues to be integral to the success of this major part of the Group's operations, while his experience in Asia helps him to direct Premier's worldwide exploration programme.

**Committee membership**  
None

**Independent**  
Not applicable



**Dave Blackwood**  
Non-Executive Director

**Board tenure**  
1 year 7 months

**Current external roles**

- Senior Advisor to Evercore Partners Ltd
- Director of Aberdeen Science Centre

**Past roles**

- Non-Executive Director of Expro International Group Holding Ltd
- Senior Independent Director of Vallant Petroleum plc
- Managing Director of BP North Sea
- Joint Chairman of Oil & Gas UK
- Director of Aberdeen City and Shire Economic Future (ACSEF)

**Board contribution**

Dave has over 43 years' experience in the oil and gas sector, 7 years in the service sector with Schlumberger in the North Sea and the middle East, and 27 years in various global roles within BP, including heading up BP's upstream business in the UK and Norway. He has a strong understanding of the technical and commercial issues at play in an exploration and production company and has broad experience in developing and managing large-scale, complex energy assets throughout the world, from exploration through to decommissioning. Dave's oil and gas experience and technical expertise are valuable to the Board as it monitors current projects and assesses potential ones.

**Committee membership**

(A) (N) (R)

**Independent**  
Yes



**Anne Marie Cannon**  
Non-Executive Director

**Board tenure**  
5 years 1 month

**Current external roles**

- Deputy Chair of Aker BP ASA
- Non-Executive Director of Aker ASA
- Non-Executive Director of Aker Energy AS
- Non-Executive Director and Chairman of the Remuneration Committee of STV Group plc

**Past roles**

- Various roles at J Henry Schroder Wagg, Shell UK E&P and Thomson North Sea
- Executive Director at Hardy Oil and Gas and British Borneo
- Senior Adviser to the natural resources group at Morgan Stanley

**Board contribution**

Anne Marie has over 36 years' experience in the oil and gas sector through senior roles within both investment banking and quoted companies. Having spent much of her career in the energy teams at Morgan Stanley and J Henry Schroder Wagg, Anne Marie has significant experience advising on mergers and acquisitions within the upstream sector, and is thus well equipped to engage with management and provide appropriate independent challenge in relation to commercial transactions.

**Committee membership**

(N) (R)

**Independent**  
Yes

## Directors seeking election or re-election continued

- A Audit and Risk  
 R Remuneration  
 N Nomination  
 ● Chairman of Committee



**Jane Hinkley** – Senior Independent Non-Executive Director

**Board tenure**  
8 years 6 months

### Current external roles

- Non-Executive Director and Chairman of the Remuneration Committee of Vesuvius plc
- Chairman of Teekay GP LLC

### Past roles

- CFO and subsequently Managing Director of Gotaas-Larsen Shipping Corporation
- Managing Director at Navion Shipping AS
- Non-Executive Director of Revus Energy ASA

### Board contribution

Through her management roles and directorships in the oil and gas shipping sector, together with her financial background as a qualified accountant, Jane brings strong, relevant listed company experience to the Board. In addition, Jane is an experienced remuneration committee chairman, having served in such roles for the past seven years within public companies.

During 2019, Jane will complete 9 years of service on the Board and she has indicated that she intends to retire at the end of the year. The Board considers that she remains independent in attitude and continues to offer a degree of challenge to management and engagement in the Company's affairs that is appropriate in a Senior Independent Non-Executive Director. The Board therefore proposes her re-election at the AGM so that she is able, inter alia, to remain a member of the Company's Remuneration Committee until her retirement and ensure a smooth handover of responsibilities to her successor, helping in particular with the review of Premier's Remuneration Policy (which Jane played a key role in developing in 2017) prior to its submission to shareholders for approval in 2020.

### Committee membership

R N

### Independent

Yes



**Iain Macdonald**  
Non-Executive Director

**Board tenure**  
2 years 10 months

### Current external roles

- Non-Executive Director and Chairman of the Audit Committee at SUEK JSC
- Non-Executive Director of The Workforce Development Trust

### Past roles

- Various roles at BP in engineering, licensing, business management and finance including three years as Deputy Group CFO for BP plc
- Served as a Non-Executive Director of TNK-BP Ltd from 2009 to 2011

### Board contribution

With his extensive experience in senior financial and operational roles at BP, Iain brings a wealth of experience to his role as Chairman of the Audit and Risk Committee, which he assumed in May 2017 following a year-long transition period. Since taking the Chairmanship, Iain has developed the rolling programme of Audit & Risk Committee presentations to ensure that the Committee's oversight of the business is appropriate to enable it to effectively monitor the Group's internal control and risk management processes.

### Committee membership

A N

### Independent

Yes



**Mike Wheeler**  
Non-Executive Director

**Board tenure**  
1 year 7 months

### Current external roles

- Chairman of Glitnir
- Non-Executive Director and Chairman of the Audit Committee of Sunseeker International

### Past roles

- Chairman of Citadel Securities Europe and Chairman of the Audit Committee
- Non-Executive Director and Chairman of the Audit & Risk Committee of the UK Department of Health
- Chairman of the Audit & Risk Committee of Dubai Holding
- Senior Adviser/Non-Executive Chairman of Close Brothers Corporate Finance
- Senior Adviser to BDO
- Non-Executive Chairman of Vantis plc
- Non-Executive member of the Audit Committee of the Institute of Financial Services

### Board contribution

Mike has held senior roles in businesses across a variety of sectors, bringing a diverse outlook and a broad range of experience to the Board. His career at KPMG spanned 30 years, including serving as Global Chairman, Restructuring. Through his role at KPMG and experience serving on audit and risk committees he has built up significant expertise in the areas of restructuring and corporate finance, which is an important element of the Board's ability to deliver its strategy.

### Committee membership

A N R

### Independent

Yes



- (A) Audit and Risk  
 (R) Remuneration  
 (N) Nomination  
 ● Chairman of Committee



**Barbara Jeremiah** – Non-executive Director (proposed for election)

**Board tenure**  
N/A

**Current external roles**

- Non-Executive Director of The Weir Group plc.
- Non-Executive Director and Chairman of the Remuneration Committee of Aggreko plc.
- Non-Executive Director of Russel Metals.

**Past roles**

- Various legal and corporate development roles at Alcoa Inc.
- Chairman of Boart Longyear Ltd.
- Non-Executive Director of Allegheny Technologies Inc.
- Non-Executive Director of EQT Corporation

**Board contribution**

The Directors intend that Barbara will, if elected, succeed Jane Hinkley as Chair of the Company's Remuneration Committee following a short transition period that will enable Barbara to lead the process of preparing the remuneration policy to be put to shareholders at the 2020 Annual General Meeting. Barbara brings with her a wealth of strategic and commercial experience obtained in the strongly cyclical environment of the resources sector which, in addition to her experience chairing the Aggreko plc remuneration committee and being a member of the Weir and Russel remuneration committees, will enable her to make a valuable contribution to the Board and as Chair of the Remuneration Committee.

**Committee membership**

(N) (R)

**Independent**

Yes

## Notice of Annual General Meeting

Notice is hereby given that the 17th Annual General Meeting of Premier Oil plc (the "Company") will be held at No.31 Cavendish Square, London, W1G 0AN at 11.00am on Thursday 16 May 2019, to consider the resolutions set out below.

## Ordinary Resolutions

1. THAT the Company's Annual Report and Financial Statements for the year ended 31 December 2018, together with the reports of the Directors and the Auditor, be received.
2. THAT the Annual Report on Remuneration set out on pages 79 to 81 and pages 92 to 107 of the 2018 Annual Report and Financial Statements be approved.
3. THAT Robin Allan be re-elected as a Director of the Company.
4. THAT Dave Blackwood be re-elected as a Director of the Company.
5. THAT Anne Marie Cannon be re-elected as a Director of the Company.
6. THAT Tony Durrant be re-elected as a Director of the Company.
7. THAT Roy A Franklin be re-elected as a Director of the Company.
8. THAT Jane Hinkley be re-elected as a Director of the Company.
9. THAT Barbara Jeremiah be elected as a Director of the Company.
10. THAT Iain Macdonald be re-elected as a Director of the Company.
11. THAT Richard Rose be re-elected as a Director of the Company.
12. THAT Mike Wheeler be re-elected as a Director of the Company.
13. THAT Ernst & Young LLP be re-appointed as Auditor of the Company until the conclusion of the next general meeting before which accounts are laid.
14. THAT the Audit and Risk Committee be authorised to determine the remuneration of the Auditor on behalf of the Board.
15. THAT the Company, and those companies which are subsidiaries of the Company at any time during the period for which this Resolution has effect, be authorised in accordance with Sections 366 and 367 of the Companies Act 2006 (the "Act") to:
  - a) make political donations to political parties and/or independent election candidates, not exceeding £50,000 in total;
  - b) make political donations to political organisations other than political parties, not exceeding £50,000 in total; and
  - c) incur political expenditure, not exceeding £50,000 in total,
 (as such terms are defined in Sections 363 to 365 of the Act) during the period beginning with the date of the passing of this Resolution and ending at the conclusion of the Annual General Meeting of the Company to be held in 2020, provided that, in any event, the aggregate amount of political donations and political expenditure made or incurred under this authority shall not exceed £50,000.
16. THAT the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company pursuant to, and in accordance with, Section 551 of the Act, to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company:
  - a) up to a nominal amount of £34,235,029 (such amount to be reduced by the nominal amount allotted or granted under part b) below in excess of such sum); and
  - b) comprising equity securities (as defined in Section 560(1) of the Act) up to a nominal amount of £68,470,059 (such amount to be reduced by any allotments or grants made under part a) above) in connection with an offer by way of a rights issue:
    - (i) to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their existing holdings; and
    - (ii) to holders of other equity securities as required by the rights of those securities or, if the Directors otherwise consider it necessary, as permitted by the rights of those securities,
 and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter, provided that these authorities shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2020 or at the close of business on 15 August 2020, whichever is the sooner, save that the Company may before such expiry make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of such an offer or agreement as if the authorities conferred hereby had not expired.
17. That the Premier Oil Save As You Earn Plan (the "SAYE Plan"), a summary of the main provisions of which is set out in Appendix 1 to this notice and a copy of the draft rules of which has been produced to the Meeting, be and is hereby approved and adopted, and that the Directors be and are hereby authorised to:
  - a) do all such other acts and things as they may consider appropriate to implement the SAYE Plan; and
  - b) establish schedules to, or further plans based on, the SAYE Plan but modified to take account of local tax, exchange control or securities laws in other jurisdictions, provided that any shares made available under any such plans or schedules are treated as counting against the limits on individual and overall participation in the SAYE Plan.

18. That the Premier Oil Share Incentive Plan (the "SIP"), a summary of the main provisions of which is set out in Appendix 2 to this notice and a copy of the draft amended rules of which has been produced to the Meeting, be and is hereby approved and that the Directors be and are hereby authorised to:
- a) do all such other acts and things as they may consider appropriate to implement the amended SIP; and
  - b) establish schedules to, or further plans based on, the SIP but modified to take account of local tax, exchange control or securities laws in other jurisdictions, provided that any shares made available under any such plans or schedules are treated as counting against the limits on individual and overall participation in the SIP.

### Special Resolutions

19. THAT if Resolution 16 is passed, the Directors be given powers pursuant to Section 571 of the Act, to allot equity securities (within the meaning of Section 560(i) of the Act) for cash under the authority conferred by Resolution 16 and/or sell Ordinary Shares held by the Company as treasury shares for cash as if Section 561 of the Act did not apply to any such allotment or sale provided that this power shall be limited:

- a) to the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities (but in the case of an authority granted under part b) of Resolution 16, by way of a rights issue only):
  - (i) to Ordinary shareholders (excluding any shareholder holding shares as treasury shares) in proportion (as nearly as may be practicable) to their existing holdings of Ordinary Shares; and
  - (ii) to holders of other equity securities, as required by the rights of those securities, or as the Directors otherwise consider necessary;and so that the Directors may impose any limits or restrictions and make any such arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

- b) in the case of the authority granted under part a) of Resolution 16 and/or in the case of any sale of treasury shares for cash, to the allotment (otherwise than pursuant to sub-paragraph a) above) of equity securities or sale of treasury shares up to a nominal amount of £5,135,254.

such power shall apply until the conclusion of the Annual General Meeting of the Company to be held in 2020 or at the close of business on 15 August 2020, whichever is the sooner, save that, in each case, the Company may during this period make offers and enter into agreements which would, or might, require equity securities to be allotted (and/or treasury shares to be sold) after the power ends and the Directors may allot equity securities (and/or sell treasury shares) in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

20. THAT if Resolution 16 is passed, the Directors be given the power in addition to any power granted under Resolution 19 to allot equity securities (within the meaning of Section 560(i) of the Act) for cash under the authority conferred by Resolution 16 and/or sell Ordinary Shares held by the Company as treasury shares for cash as if Section 561 of the Act did not apply to any such allotment or sale, such power to be:

- a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £5,135,254; and
- b) used only for the purposes of financing (or refinancing, if the power is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

such power shall apply until the conclusion of the Annual General Meeting of the Company to be held in 2020 or at the close of business on 15 August 2020 whichever is the sooner, save that, in each case, the Company may during this period make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and/or treasury shares to be sold) after the power ends and the Directors may allot equity securities (and/or sell treasury shares) in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

21. THAT the Company be authorised, generally and unconditionally in accordance with Section 701 of the Act to make market purchases (as defined in Section 693(4) of the Act) of its Ordinary Shares, such power to be limited:

- a) to a maximum number of Ordinary Shares with an aggregate nominal value of up to £10,270,508;
- b) by the condition that the Company does not pay less (exclusive of expenses) for each Ordinary Share than the nominal value of such share and the maximum price which may be paid for an Ordinary Share (exclusive of expenses) is the higher of:
  - (i) 5 per cent over the average of the closing middle-market quotations of an Ordinary Share for the five business days immediately preceding the date on which the Company agrees to buy the shares concerned, based on share prices published in the Daily Official List of the London Stock Exchange; and
  - (ii) the price of the last independent trade and the highest current independent purchase bid at the time on the trading venue where the purchase is carried out,

such authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2020, or at the close of business on 15 August 2020, whichever is the sooner, provided that if the Company has agreed before such expiry to purchase Ordinary Shares where these purchases will or may be executed (either wholly or in part) after the authority terminates the Company may complete such a purchase as if the authority conferred hereby had not expired.

22. THAT a general meeting of the Company (not being an Annual General Meeting) may be called on notice of not less than 14 clear days, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2020.

By order of the Board

**Andy Gibb**

Interim Company Secretary  
Premier Oil plc

27 March 2019

## Notes to the Notice of the Meeting

### Attending the Meeting and asking questions

To be entitled to attend and vote at the Annual General Meeting (the 'Meeting') (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at close of business on Tuesday 14 May 2019 (or, in the event of any adjournment, close of business on the date which is two days before the time of the adjourned Meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

Any member attending the Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if (a) to do so would involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

### Appointing a proxy

Shareholders are entitled to attend, speak and vote at the Meeting and may appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the Meeting. A shareholder may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder.

The Articles provide that:

- (i) if a member appoints more than one proxy and the proxy forms appointing those proxies would give those proxies the apparent right to exercise votes on behalf of the member in a general meeting over more shares than are held by the member, then each of those proxy forms will be invalid and none of the proxies so appointed will be entitled to attend, speak or vote at the relevant general meeting; and
- (ii) if a member submits more than one valid proxy appointment in respect of the same share, the appointment received last (regardless of its date or the date on which it is signed) before the latest time for the receipt of proxies will take precedence. If it is not possible to determine the order of receipt, none of the forms will be treated as valid.

A proxy need not be a member of the Company. A vote withheld is not a vote in law, which means that the vote will not be counted in the proportion of votes "for" and "against" a Resolution. Where a proxy has been appointed by a member, if such member does not give any instructions in relation to that Resolution that member should note that their proxy will have authority to vote on the Resolution as he/she thinks fit.

Any power of attorney or any other authority under which the form of proxy is signed (or a duly certified copy of such power or authority) must be included with the proxy form. In the case of a member which is a company, the form of proxy should either be sealed by that company or signed by someone authorised to sign it.

A form of proxy which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a form of proxy and believe that you should have one, or if you require additional forms, please contact Link Asset Services on 0871 664 0300 if calling from within the United Kingdom (calls cost 12p per minute plus your phone company's access charge) or +44 (0)371 664 0300 if calling from outside the United Kingdom (calls outside the United Kingdom will be charged at the applicable international rate). Lines are open between 9.00am and 5.30pm, Monday to Friday, excluding public holidays in England and Wales.

To be valid, forms of proxy must be lodged by one of the following methods by 11.00am on Tuesday 14 May 2019:

- in hard copy form by post to the Company's Registrar at Link Asset Services, PXS 1, 34 Beckenham Road, Beckenham, BR3 4ZF; or
- in the case of CREST members or CREST Personal Members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below; or
- by submitting your proxy appointment electronically via the internet. Instructions on how to do this can be found on the form of proxy.

The return of a completed form of proxy or any CREST Proxy Instruction (as described below) will not prevent a shareholder attending the Meeting and voting in person if he/she wishes to do so.

### CREST members

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual (available via [www.euroclear.com/en/about/our-rules.html](http://www.euroclear.com/en/about/our-rules.html)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Link Asset Services (ID: RA10) by 11.00am on Tuesday 14 May 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that their CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat an instruction as invalid in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

### **Nominated persons and information rights**

Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting.

If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

However, the statement of the rights of shareholders in relation to the appointment of proxies described above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by shareholders of the Company.

### **Joint holders and corporate representatives**

In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first-named being the most senior).

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

### **Members' power to require website publication of audit concerns**

Under Section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the Meeting; or (ii) any circumstance connected with an Auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

### **Share capital**

As at 27 March 2019 (being the date of this notice) the Company's issued Ordinary share capital consisted of 821,640,709 Ordinary Shares, carrying one vote each. Therefore the total voting rights in the Company as at 27 March 2019 were 821,640,709.

### **Queries and access to information**

Except as provided above, members who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted): calling Link Asset Services' shareholder helpline on 0871 664 0300 (calls cost 12p per minute plus your phone company's access charge) or from outside the United Kingdom, please call +44 (0)371 664 0300 (calls outside the United Kingdom will be charged at the applicable international rate). Lines are open 9:00am to 5:30pm Monday to Friday, excluding public holidays in England and Wales. You may not use any electronic address provided either (a) in this Notice of Annual General Meeting, or (b) in any related documents (including the Chairman's letter and form of proxy) to communicate with the Company for any purposes other than those expressly stated.

The terms and conditions of appointment and letters of appointment of Non-Executive Directors and all the Directors' service contracts will be available for inspection at the Meeting for 15 minutes prior to the Meeting and during the Meeting.

The draft rules of the Premier Oil Save As You Earn Plan and the draft rules of the Premier Oil Share Incentive Plan (as amended) will be available for inspection at 23 Lower Belgrave Street, London, SW1W 0NR during usual business hours on weekdays from the date of this Notice until the conclusion of the Meeting. They will also be available at the place of the Meeting for at least fifteen minutes prior to and until the conclusion of the Meeting.

If you would like to request a copy of this notice in an alternative format such as in large print or audio, please contact the Company's Registrar, Link Asset Services on 0871 664 0300.

A copy of this notice, and other information required by Section 311A of the Companies Act 2006, can be found at [www.premier-oil.com](http://www.premier-oil.com).

### **Processing of personal data**

The Company may process the personal data of attendees at the Meeting. This may include audio recordings as well as other forms of personal data. The Company shall process any such personal data in accordance with its Privacy Policy.



## Appendix 1

### Premier Oil Save As You Earn Plan – Summary of key terms

**IMPORTANT NOTE:** This summary does not form part of the rules of the Premier Oil Save As You Earn Plan (the "SAYE Plan"). In the event of any discrepancy between this summary and the rules of the SAYE Plan, the rules of the SAYE Plan will prevail.

#### 1. Background

The SAYE Plan is a UK all-employee share ownership plan. The SAYE Plan has been designed to comply with the relevant UK legislation in order to provide ordinary shares in the capital of Premier Oil (the "Company") ("Shares") to UK employees and directors of the Company and its participating subsidiaries (together, "Eligible Companies") in a tax-efficient manner.

The SAYE Plan is similar to a UK tax-advantaged save-as-you-earn plan which was approved by the Company's shareholders on 29 May 2009 and amended from time to time (the "Old SAYE Plan"). The SAYE Plan is up to date with market practice and reflects certain statutory changes. Shareholder approval is being sought for the SAYE Plan because newly issued and treasury shares may be used to satisfy awards granted under the SAYE Plan.

#### 2. General

The operation of the SAYE Plan (as for the Old SAYE Plan) will be overseen by the remuneration committee of the board of directors of the Company or such other committee of the board of directors of the Company as is duly authorised to carry out the functions of the board of directors of the Company under the SAYE Plan (the "Committee"). Decisions of the Committee are final and binding in all respects.

Under the SAYE Plan, the Committee may within certain limits:

- (i) grant UK tax-advantaged options over Shares to UK tax-resident eligible employees; and
- (ii) at its discretion, grant options over Shares to other eligible employees (together, the "SAYE Options").

No SAYE Options may be granted more than ten years after the date when the SAYE Plan is approved by the Company's shareholders (which approval is currently being sought).

Any benefits received under the SAYE Plan are not pensionable.

#### 3. Eligibility

Each time that the Committee decides to operate the SAYE Plan, all UK resident tax-paying employees and certain directors of the Eligible Companies must be offered the opportunity to participate. Other employees and executive directors (but not non-executive directors) who are not UK-resident taxpayers may also be offered the opportunity to participate. The Committee may require employees and directors to have completed a qualifying period of service of up to five years before they are eligible to be granted an SAYE Option.

#### 4. Plan limit

The SAYE Plan may operate over new issue Shares, treasury Shares or Shares purchased in the market.

The rules of the SAYE Plan provide that, in any period of ten years, not more than ten per cent of the Company's issued ordinary share capital may be issued under the SAYE Plan and under any other employees' share scheme operated by the Company. Shares issued out of treasury for the SAYE Plan will count towards this limit for so long as this is required under institutional shareholder guidelines.

#### 5. Grant of SAYE Options

The Committee may issue invitations to eligible employees and directors to apply for the grant of SAYE Options. SAYE Options must be granted on the same terms to each eligible employee and director.

No payment is required for the grant of an SAYE Option.

#### 6. Savings contract

It is a condition of participation in the SAYE Plan that an eligible employee or director (as the case may be) enters into a savings contract under a "certified SAYE savings arrangement" (as defined in the relevant legislation) maturing after three or five years. Different maturity periods may apply in the future, should the relevant legislation change in this respect.

Shares subject to an SAYE Option granted under the SAYE Plan may be acquired only out of the proceeds (including any interest or bonus) due under the related savings contract. The number of Shares subject to an SAYE Option is that number which, at the exercise price per Share under the SAYE Option, may be acquired out of the expected proceeds of the related savings contract (including any interest or bonus).

The minimum amount which an employee may save under a savings contract is currently no less than £5 per month and no more than £10 per month. The maximum amount is £500 per month (when aggregated with any savings a participant may make under any linked save-as-you-earn plan). Different limits may apply in the future, should the relevant legislation change in this respect.

#### 7. Exercise price

An SAYE Option will entitle the holder to acquire Shares at a price determined by the Committee, which may not be less than:

- (i) 80% of the market value of a Share on a day when invitations to apply for the grant of options are issued or on the day when the SAYE option is granted; or
- (ii) If the SAYE Options will be satisfied using newly issued Shares, the nominal value of a Share.

An SAYE Option will usually be exercisable for six months from the date when the related savings contract matures. If an SAYE Option is not so exercised it will usually lapse at the end of such period.

#### 8. Cessation of employment

As general rules, (1) an SAYE Option may only be exercised while the participant is an employee or director of the group, and (2) a participant's SAYE Option will lapse immediately if the participant ceases employment with the group before the third anniversary of the date of grant of the SAYE Option.

However, if a participant ceases employment with the group because of his injury, disability, redundancy, retirement or a transfer of the employing business or company out of the group, that participant's SAYE Option will be exercisable for six months from the date of cessation to the extent of any savings made up to the point of exercise. If a participant ceases employment with the group after the third anniversary of the date of grant of the SAYE Option for any reason other than "misconduct" (as defined in the Company's disciplinary procedures and policies), that participant's SAYE Option will be exercisable for six months from the date of cessation to the extent of any savings made up to the point of exercise. If the participant dies, that participant's SAYE Option will be exercisable to the extent of any savings made up to the point of exercise for twelve months after the date of death or, if the death occurred on or within six months after the usual exercise date, for twelve months after such usual exercise date. If an SAYE Option is not so exercised, it will lapse at the end of the relevant period.



## Appendix 1 continued

### 9. Corporate events

In the event of a change of control or winding up of the Company, employees will generally be able to exercise their SAYE Options for six months from the date of the relevant event occurring. Where the Committee reasonably expects a change of control to occur, participants may be permitted to exercise their SAYE Options up to 20 days early provided that such exercise will not be effective if the change of control does not occur within such 20-day period. If an SAYE Option is not so exercised, it will lapse at the end of the relevant period.

In the event of a corporate reorganisation, any SAYE Options held by employees over Shares in the Company may be exchanged for equivalent options over shares in the new holding company provided certain conditions are met which ensure that such exchange is a "qualifying exchange" for the purposes of the relevant legislation.

### 10. Variation of capital

If there is a variation of share capital of the Company then the Committee may make such adjustments as it reasonably considers necessary to the number of Shares under an SAYE Option and the exercise price provided that, following any adjustment, the SAYE Options will continue to satisfy the conditions set out in the relevant legislation.

### 11. Rights attaching to Shares

SAYE Options will not confer any rights on any employee holding such SAYE Options until the relevant SAYE Option has been exercised and the employee in question has received the underlying Shares. Any Shares allotted when an SAYE Option is exercised will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

### 12. Amendments

The Committee may at any time amend the rules of the SAYE Plan.

The prior approval of the Company's shareholders in general meeting must be obtained in the case of any amendment to the advantage of present or future participants which is made to the provisions relating to eligibility, individual or overall limits, the basis for determining an employee's entitlement to (and the terms of) Shares provided under the SAYE Plan, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to such prior approval. However, there is an exception for any minor amendments which are to ensure compliance with the relevant legislation, to benefit the administration of the SAYE Plan, to comply with or take account of any changes to legislation, and/or to obtain or maintain favourable tax, exchange control or regulatory treatment for any participating company or any past or future participant.

No change may be made to the key features of the SAYE Plan (being provisions necessary to meet the requirements of the relevant UK tax legislation) which would result in the SAYE Plan no longer meeting the requirements of the relevant legislation, while the SAYE Plan is intended to meet such requirements.

### 13. Termination

The SAYE Plan will terminate on the tenth anniversary of the date when the SAYE Plan is approved by the Company's shareholders (which is currently being sought), or at any earlier time if the Committee so decides. Termination will not affect any subsisting rights under the SAYE Plan.

### 14. Overseas plans

The Committee may, at any time, establish further plans for overseas jurisdictions, governed by rules similar to the SAYE Plan but modified to take account of any relevant local tax, exchange control or securities laws. Any Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation in the SAYE Plan.

## Appendix 2

### Premier Oil Share Incentive Plan – Summary of key terms

**IMPORTANT NOTE:** This summary does not form part of the trust deed and rules of the Premier Oil Share Incentive Plan (the "SIP"). In the event of any discrepancy between this summary and the trust deed and rules of the SIP, the trust deed and rules of the SIP will prevail.

#### 1. Background

The SIP is a UK all-employee share ownership plan established on 11 December 2001 and has been amended from time to time. The SIP has been designed to comply with the relevant UK legislation in order to provide ordinary shares in the capital of Premier Oil plc (the "Company") ("Shares") to UK employees of the Company and its participating subsidiaries (together, the "Eligible Companies") in a tax-efficient manner. The Company is now seeking approval for a number of amendments to the rules of the SIP in line with market practice and to reflect certain statutory changes.

#### 2. General

The operation of the SIP will be overseen by the remuneration committee of the board of directors of the Company or such other committee of the board of directors of the Company as is duly authorised to carry out the functions of the board of directors of the Company under the SIP (the "Committee"). Decisions of the Committee are final and binding in all respects.

Under the SIP, eligible employees may be:

- (i) offered the opportunity to buy Shares with a value up to the lower of £1,800 and ten per cent of the employee's pre-tax salary ("Partnership Shares") each year;
- (ii) given up to two free Shares ("Matching Shares") for each Partnership Share bought; and/or
- (iii) allowed or required to purchase Shares using any dividends received on Shares held in the SIP ("Dividend Shares"); and
- (iv) awarded up to £3,600 worth of free Shares ("Free Shares") each year.

The limits set out above are the current limits under the relevant legislation. Different limits may apply in the future, should the relevant legislation change in this respect.

Invitations to participate in the SIP may not be issued after the tenth anniversary of the date when the SIP is approved by the Company's shareholders (which is currently being sought).

Any benefits received under the SIP are not pensionable.

#### 3. SIP Trust

The SIP operates through a UK-resident trust (the "SIP Trust"). The trustee of the SIP Trust may purchase, be transferred or subscribe for Shares that are awarded to or purchased on behalf of participants in the SIP.

A participant will be the beneficial owner of any Shares held on the participant's behalf by the trustee of the SIP Trust. Any Shares held in the SIP Trust will rank equally with Shares then in issue, subject to the terms of the SIP.

If a participant ceases to be employed by the group, that participant:

- (i) will be required to withdraw the Free Shares, Partnership Shares, Matching Shares and Dividend Shares which the participant owns from the SIP Trust; and
- (ii) may forfeit the Free Shares or Matching Shares which the participant owns, as described below.

#### 4. Eligibility

Each time the Committee decides to operate the SIP, all UK-resident tax-paying employees of the Eligible Companies (including executive directors of the Company) must be offered the opportunity to participate, provided that they:

- (i) have such period of continuous employment as the Committee may determine (not exceeding the relevant statutory limits as apply from time to time);
- (ii) in relation to Free Shares, Partnership Shares and Matching Shares, are not participating at the same time in a SIP established by the Company or a connected company; and
- (iii) if they have participated in more than one tax-advantaged share incentive plan established by the Company or a connected company in that tax year, have not exceeded any relevant statutory limit (which applies on an aggregated basis to the SIP and any such other plan)

Other employees of the Eligible Companies who meet the eligibility criteria set out above but whom are not UK-resident taxpayers may also be offered the opportunity to participate.

#### 5. Plan limit

The SIP may operate over new issue Shares, treasury Shares or Shares purchased in the market. The Company's current practice is to use market purchased shares only.

The rules of the SIP provide that, in any period of ten years, not more than ten per cent of the Company's issued ordinary share capital may be issued under the SIP and under any other employees' share scheme operated by the Company. Shares issued or transferred out of treasury for the SIP will count towards this limit for so long as this is required under the relevant institutional shareholder guidelines.

#### 6. Partnership Shares

The Committee may allow an employee to use pre-tax salary to buy Partnership Shares. The maximum amount of pre-tax salary that can be used to buy Partnership Shares annually is the lower of £1,800 or ten per cent of pre-tax salary in any tax year (or such other maximum limits as specified in the relevant legislation from time to time). If a minimum amount of deductions is set, it shall not be greater than £10 (or such other amount specified in the relevant legislation from time to time).

Once acquired, Partnership Shares may be withdrawn from the SIP by the participant at any time (subject to any deductions for income tax and National Insurance contributions) and will not be capable of forfeiture. Partnership Shares must be withdrawn from the SIP if the participant leaves employment with the group.

## Appendix 2 continued

### 7. Matching Shares

The Committee may offer Matching Shares to an eligible employee who purchases Partnership Shares. If awarded, Matching Shares must be awarded on the same basis to all employees up to a maximum of two Matching Shares for every Partnership Share purchased. The Company's current practice is to offer one Matching Share for every Partnership Share purchased.

There is a holding period of between three and five years (the precise duration to be determined by the Committee) during which the participant cannot withdraw the Matching Shares from the SIP Trust, unless the participant leaves employment with the group or there is a corporate event.

The Committee may also determine that a forfeiture period applies, during which the participant will forfeit any Matching Shares if that participant withdraws the associated Partnership Shares from the SIP (except for where the participant is leaving for a Good Leaver Reason or there is a corporate event), or if the participant leaves other than for a Good Leaver Reason or withdraws the Matching Shares from the SIP. In the absence of such determination, the forfeiture period will be three years from the Award Date.

### 8. Dividend Shares

The Committee may allow or require a participant to re-invest the whole or part of any dividends paid on Shares held on that participant's behalf in the SIP.

Dividend Shares must be held in the SIP Trust for three years from the Award Date, unless the participant leaves employment with the group or there is a corporate event.

Dividend Shares will not be capable of forfeiture.

### 9. Free Shares

Up to £3,600 worth of Free Shares may be awarded to each eligible employee in a tax year. Free Shares must be awarded on the same terms to each eligible employee but the number of Free Shares awarded can be determined by reference to the employee's remuneration, length of service, number of hours worked and/or objective pre-award performance targets based on business results or other specified criteria. The Company's current practice is not to offer Free Shares.

### 10. Corporate events

In the event of a general offer being made to shareholders during a holding period, participants will be able to direct the trustee of the SIP Trust as to how to act in relation to their Shares held in the SIP. In the event of a corporate reorganisation, any Shares held by participants may be replaced by equivalent shares in a new holding company.

### 11. Variation of capital

Shares acquired on a variation of share capital of the Company will usually be treated in the same way as the Shares acquired or awarded under the SIP in respect of which the rights were conferred and as if they were acquired or awarded at the same time. In the event of a rights issue during a holding period, participants will be able to direct the trustee of the SIP Trust as to how to act in respect of their Shares held in the SIP.

### 12. Rights attaching to Shares

Any Shares allotted under the SIP will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment), subject to the terms of the SIP.

### 13. Voting rights

The SIP provides that the SIP trustee will not exercise any voting rights in respect of any unallocated Shares held by the SIP trustee pursuant to the SIP, unless the Company directs otherwise. However, any voting rights attributable to the Shares of a participant may be exercised by the SIP trustee at the direction of the relevant participant.

### 14. Amendments

The Committee may amend the rules of the SIP or, by way of deed, the SIP trust deed.

The prior approval of the Company's shareholders in general meeting must be obtained in the case of any amendment to the advantage of present or future participants which is made to the provisions relating to eligibility, individual or overall limits, the basis for determining a participant's entitlement to Shares provided under the SIP, the rights of a participant in the event of any variation of the share capital of the Company and/or the rule relating to such prior approval. However, there is an exception for any minor changes which are to ensure compliance with the relevant UK tax legislation, to benefit the administration of the SIP, to comply with or take account of any changes to legislation, and/or to obtain or maintain favourable tax, exchange control or regulatory treatment for any participating company or any past or future participant.

### 15. Termination

The SIP will terminate on the tenth anniversary of the date when the SIP is approved by the Company's shareholders (which is currently being sought), or at any earlier time if the Committee so decides. Termination will not affect any subsisting rights under the SIP.

### 16. Overseas plans

The Committee may, at any time, establish further plans for overseas jurisdictions, governed by rules similar to the SIP but modified to take account of any relevant local tax, exchange control or securities laws. Any Shares made available under such overseas plans must be treated as counting against the limits on individual and overall participation in the SIP.