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If you have sold or otherwise transferred all of your Ordinary Shares, please forward this document, but not the accompanying personalised Form of Proxy, as soon as possible to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of Ordinary Shares, you should retain these documents and consult the bank, stockbroker or other agent through whom the sale was effected.

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**You should read the whole of this document and all documents incorporated into it by reference in their entirety. Your attention is drawn to the letter from the Chairman which is set out in Part I of this document and which contains a recommendation from the Board that you vote in favour of the Shareholder Resolution to be proposed at the General Meeting referred to below. Part II of this document entitled “Risk Factors” includes a discussion of certain risk factors which should be taken into account when considering the matters referred to in this document.**



**PREMIER OIL plc**

**(Registered in Scotland with registered number SC234781)**

**Proposed sale of Wytch Farm Interests**

**Circular to Shareholders and Notice of General Meeting**

A notice of General Meeting of Premier, to be held at 23 Lower Belgrave Street, London SW1W 0NR at 9:30 a.m. on Thursday 7 December 2017, is set out at the end of this document. Whether or not you intend to attend the General Meeting in person, you are asked to complete and return the enclosed Form of Proxy in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received by Premier's Registrar, Link Asset Services at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by not later than 9:30 a.m. on Tuesday 5 December 2017 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Alternatively, you may appoint a proxy electronically via the internet. Instructions on how to do this can be found on the Form of Proxy. If you hold Ordinary Shares in CREST, you may appoint a proxy electronically by completing and transmitting a CREST Proxy Instruction to the Registrar, Link Asset Services (CREST participant ID number RA10) so that it is received by no later than 9:30 a.m. on Tuesday 5 December 2017 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Electronic Proxy Appointment is available for the General Meeting. This facility enables Shareholders to lodge their proxy appointments by electronic means on a website provided by Link Asset Services via [www.signalshares.com](http://www.signalshares.com). The return of the completed Form of Proxy or CREST Proxy Instruction or Electronic Proxy Appointment will not prevent you from attending the General Meeting and voting in person (in substitution for your proxy vote) if you wish to do so and are so entitled.

This document is a circular relating to the Disposal, which has been prepared in accordance with the Listing Rules and approved by the FCA.

RBC Europe Limited (trading as RBC Capital Markets) (“RBC”), which is authorised by the PRA and regulated in the United Kingdom by the PRA and the FCA, is acting solely for Premier and for no-one else in connection with the Disposal and will not be responsible to any person other than Premier for providing the protections afforded to clients of RBC nor for providing advice in relation to the matters described in this document. Apart from the responsibilities and liabilities, if any, which may be imposed upon RBC by FSMA or the regulatory regime established thereunder, RBC does not accept any responsibility whatsoever or make any representation or warranty, express or implied, concerning the contents of this document, including its accuracy, completeness or verification, or concerning any other statement made or purported to be made by it, or on its behalf, in connection with Premier, and/or the Disposal, and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future. RBC accordingly disclaims, to the fullest extent permitted by law, all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to herein) which it might otherwise have in respect of this document or any such statement.



## **PRESENTATION OF INFORMATION**

### **FORWARD-LOOKING STATEMENTS**

Certain statements contained in this document constitute “forward-looking statements”. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “prepares”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. Shareholders should specifically consider the factors identified in this document, which could cause actual results to differ, before making any decision whether to vote in favour of the Shareholder Resolution. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. Such risks, uncertainties and other factors are set out more fully in the section entitled “Risk Factors” in Part II of this document. These forward-looking statements speak only as at the date of this document. Premier expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in Premier’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based, except as required by the FCA, the London Stock Exchange, applicable laws, the Listing Rules and the Disclosure Guidance and Transparency Rules and the Market Abuse Regulation.

The statements above relating to forward-looking statements should not be construed as a qualification on the opinion of Premier as to working capital set out in section 8 of Part I of this document.

Other than in accordance with its legal or regulatory obligations (including under the Listing Rules and the Disclosure Guidance and Transparency Rules), Premier is not under any obligation and Premier expressly disclaims any intention or obligation (to the maximum extent permitted by the law) to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### **PRESENTATION OF CURRENCIES**

Unless otherwise indicated, all references to “GBP”, “£”, “pounds”, “sterling”, or “pounds sterling” are to the lawful currency of the United Kingdom and all references to “USD”, “\$”, “US\$”, “US dollars” or “United States dollars” are to the lawful currency of the United States.

### **RESERVES AND RESOURCES**

Statements in this document relating to the Group’s reserves are to proved and probable (“2P”) reserves and all references to contingent resources are to discovered hydrocarbons that are potentially recoverable (“2C”) resources but not yet considered mature enough for commercial development due to technological or business hurdles. Unless otherwise stated, such statements have been prepared using the classification system set out in the Petroleum Resources Management System published in 2007 and jointly sponsored by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council and the Society of Petroleum Engineers.

### **ROUNDING**

Percentages in tables have been rounded and accordingly may not add up to 100 per cent. Certain financial data have also been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

### **DEFINITIONS**

Certain terms used in this document, including capitalised terms and certain technical terms, are defined and explained in the “Definitions” section, starting on page 33 of this Circular.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the sale of the Wytech Farm Interests .	12 September 2017
Date of this document . . . . .	21 November 2017
Latest time for receipt of Forms of Proxy or CREST	
Proxy Instructions . . . . .	9:30 a.m. on Tuesday 5 December 2017
General Meeting . . . . .	9:30 a.m. on Thursday 7 December 2017
Completion expected by . . . . .	31 December 2017
Long Stop Date . . . . .	19 May 2018

All references in this document are to London times unless otherwise stated.

Future dates are indicative only and are subject to change by Premier, in which event, details of the new times and dates will be notified to the FCA and, where appropriate, to Shareholders.

## DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

<b>Directors</b> . . . . .	Roy Franklin (Non-Executive Chairman) Tony Durrant (Chief Executive Officer) Richard Rose (Finance Director) Robin Allan (Director, North Sea and Exploration) Dave Blackwood (Non-Executive Director) Anne Marie Cannon (Non-Executive Director) Jane Hinkley (Senior Independent Non-Executive Director) Iain Macdonald (Non-Executive Director) Mike Wheeler (Non-Executive Director)
<b>Interim Company Secretary</b> . . . . .	Andy Gibb
<b>Registered office</b> . . . . .	4th Floor Saltire Court 20 Castle Terrace Edinburgh EH1 2EN
<b>Sponsor</b> . . . . .	RBC Europe Limited Riverbank House 2 Swan Lane London EC4R 3BF
<b>Solicitors to Premier (as to English Law)</b> . . . . .	Slaughter and May One Bunhill Row London EC1Y 8YY
<b>Solicitors to the Sponsor (as to English Law)</b> . . . . .	White & Case LLP 5 Old Broad Street London EC2N 1DW
<b>Auditors</b> . . . . .	Ernst & Young LLP 1 More London Place London SE1 2AF
<b>Reporting Accountants</b> . . . . .	Deloitte LLP 2 New Street Square London EC4A 3BZ
<b>Registrar</b> . . . . .	Link Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

## PART I—LETTER FROM THE CHAIRMAN OF PREMIER

(Incorporated in Scotland with registered number SC234781)

### *Directors*

Roy Franklin (*Non-Executive Chairman*)  
Tony Durrant (*Chief Executive Officer*)  
Richard Rose (*Finance Director*)  
Robin Allan (*Director, North Sea and Exploration*)  
Dave Blackwood (*Non-Executive Director*)  
Anne Marie Cannon (*Non-Executive Director*)  
Jane Hinkley (*Senior Independent Non-Executive Director*)  
Iain Macdonald (*Non-Executive Director*)  
Mike Wheeler (*Non-Executive Director*)

### *Registered Office:*

4<sup>th</sup> Floor  
Saltire Court  
20 Castle Terrace  
Edinburgh EH1 2EN

21 November 2017

Dear Shareholder,

## PROPOSED DISPOSAL OF WYTCH FARM INTERESTS

### 1. INTRODUCTION

On 12 September 2017, Premier announced that it had entered into a sale and purchase agreement to sell the Wytch Farm Interests to Verus Petroleum (SNS) Limited (“**Verus**”). On the same date, Premier wrote to those parties which held contractual pre-emption rights in respect of the Wytch Farm Interests pursuant to the terms of the Joint Venture Operating Agreements in order to inform them of the agreement with Verus and to offer them the prior right to acquire the Wytch Farm Interests on the same terms and conditions as had been agreed with Verus. On 10 October 2017, Premier received notice from Perenco UK Limited (“**Perenco**”) confirming its exercise of such pre-emption rights, and on 20 November 2017, Premier announced that it had entered into a sale and purchase agreement to sell the Wytch Farm Interests to Perenco for a base consideration of US\$200 million (subject to certain customary financial adjustments including working capital adjustments) (the “**Net Disposal Proceeds**”) payable in cash on Completion (the “**Disposal**”). In addition, Premier will be able to release letters of credit totalling approximately US\$75 million, which have been issued in relation to future decommissioning liabilities that are now being transferred to Perenco. The effective date of the Disposal is 1 July 2017.

Wytch Farm is an onshore oil field located in Dorset, United Kingdom that has been producing since 1979. Perenco is a UK-focused independent operator of a number of onshore and offshore North Sea oil and gas fields including Wytch Farm, in which it currently holds a 53.8 per cent. interest.

The Disposal, because of the size of the consideration in relation to the market capitalisation of Premier, is a class 1 transaction under the Listing Rules and is therefore conditional on the approval of Shareholders. In addition, the Disposal is conditional upon satisfaction of certain customary conditions including government and third party approvals. Premier’s lenders have provided the necessary approvals and consents required in connection with the Disposal.

Subject to the satisfaction of the above conditions, it is currently expected that Completion will occur by the end of 2017. The terms and conditions of the Disposal are contained in the Sale and Purchase Agreement, which is summarised in Part III of this document.

A General Meeting is to be held at 23 Lower Belgrave Street, London SW1W 0NR on Thursday 7 December 2017 to seek Shareholder approval and a notice convening the General Meeting, at which the Shareholder Resolution will be proposed, is set out at the end of this Circular.

The purpose of this document is to provide Shareholders with background to and reasons for the Disposal, to explain why the Directors consider it to be in the best interests of Premier and its Shareholders as a whole and to recommend that Shareholders vote in favour of the Shareholder Resolution.

### 2. BACKGROUND TO AND REASONS FOR THE DISPOSAL

Premier has a track record of realising value at the appropriate stage of an asset’s life-cycle through active portfolio management. This is the latest of a series of disposals in line with this strategy and follows the signing of a share purchase agreement with Al-Haj Energy on 5 April 2017 for the sale of Premier’s Pakistan

business for a cash consideration of US\$65.6 million. The Board believes that the Disposal is in the best long-term interest of Premier and its stakeholders. It represents an excellent opportunity to realise an attractive valuation well in excess of the implied valuation from the most recent transaction for Wytch Farm. The Disposal values the 2P reserves of the Wytch Farm Interest at approximately US\$14 per barrel compared to the implied valuation of US\$8 per barrel paid for the additional 3.75 per cent. interest in licences PL089 and P534 (representing an additional 3.71 per cent. interest in Wytch Farm) acquired from Maersk Oil North Sea UK Limited (“**Maersk**”) in June 2017. Wytch Farm is not operated by Premier and it has fewer near-term growth prospects than other assets in Premier’s portfolio.

The Disposal will generate proceeds to accelerate deleveraging of the balance sheet. In addition to generating the Net Disposal Proceeds which will be used to pay down the Group’s debt, the Disposal will result in Premier’s release from letters of credit amounting to US\$75 million. Overall, therefore, the Disposal will reduce Premier’s Covenanted Net Debt by approximately US\$275 million which is in line with Premier’s focus on reducing absolute levels of net debt through disposals of non-core assets.

### **3. INFORMATION ON WYTCH FARM**

Wytch Farm lies beneath the southern shores of Poole Harbour and the Isle of Purbeck in southeast Dorset and extends offshore to the east under Poole Bay. Oil was discovered in the Jurassic Bridport Sandstone in 1974, followed in November 1977 with the discovery of a much larger accumulation of oil in the deeper Triassic age Sherwood Sandstone. First oil was achieved in 1979. A further phase of development began in 1993, involving extended reach wells under Poole Bay to recover the offshore reserves of the Sherwood reservoir. The Wareham field was developed as a tie-back to Wytch Farm in 1991. Wytch Farm has standard production licences that were awarded by the Oil and Gas Authority. In July 2017, Dorset County Council granted planning approvals extending the operational life of Wytch Farm to 2037. For additional information about the duration of the licences, please refer to section 1.1 of Part III.

The field has been developed with 11 well sites linked to a central onshore gathering station and is operated by Perenco. Water injection is employed for pressure support and the predominant methods of lifting wells are electric submersible and beam pumps. There are currently more than 100 development wells including producers and injector and aquifer wells. Production is exported via pipeline to the Hamble terminal near Southampton from where the crude is lifted and sold on the open market.

Premier acquired a 12.4 per cent. interest in Wytch Farm in 1984. In December 2011, Premier completed the acquisition of an additional 17.7 per cent. interest from Perenco and in July 2017 announced it had exercised its pre-emption rights to acquire a further 3.71 per cent. from Maersk. The acquisition completed on 3 October 2017, taking Premier’s total interest to 33.8 per cent.

As of 31 December 2016 the estimated 2P reserves in Wytch Farm net to Premier were 14.91 mmboe,<sup>1</sup> representing 4.2 per cent. of Premier Group’s 2P reserves. Wytch Farm production, net to Premier’s working interest, averaged 5.11 kboepd for the first half of 2017 representing 6.2 per cent. of Group production for the period.<sup>2</sup> Production is in slow decline and is forecast to continue into the early 2030s.

Contingent resources representing future development potential for Wytch Farm were 13.84 mmboe net to Premier as at 31 December 2016.<sup>3</sup> Perenco, as operator of the site, is focused on maintaining plant and well operating efficiencies and, whilst these further development opportunities have been identified, there are no plans in the current oil price environment to pursue them.

### **4. PRINCIPAL TERMS AND CONDITIONS OF THE DISPOSAL**

Premier has entered into the Sale and Purchase Agreement with Perenco in relation to the Wytch Farm Interests.

The base consideration payable by Perenco for the Wytch Farm Interests is US\$200 million (subject to certain customary financial adjustments) payable in cash on Completion. Details of the financial adjustments are described in Part III of this Circular. Perenco will fund the acquisition from a combination of equity and already committed debt, and Completion is not subject to any financing conditions.

<sup>1</sup> Based on a pro forma 33.8 per cent. working interest (including the additional 3.75 per cent. interest in licences PL089 and P534, representing an additional 3.71 per cent. interest in Wytch Farm, acquired in June 2017).

<sup>2</sup> Based on a pro forma 33.8 per cent. working interest (including the additional 3.75 per cent. interest in licences PL089 and P534, representing an additional 3.71 per cent. interest in Wytch Farm, acquired in June 2017).

<sup>3</sup> Based on a pro forma 33.8 per cent. working interest (including the additional 3.75 per cent. interest in licences PL089 and P534, representing an additional 3.71 per cent. interest in Wytch Farm, acquired in June 2017).

The Disposal is subject to the satisfaction (or waiver, where applicable) of certain conditions, which include the approval of the Shareholder Resolution by Shareholders at the General Meeting and receipt of all necessary consents from relevant third parties (including the Oil and Gas Authority). The Disposal is also subject to Perenco's compliance with its obligations in respect of Completion (which includes delivery of certain guarantees and letters of credit).

Perenco will take over all decommissioning and environmental liabilities arising from the Wytch Farm Interests before, on or after the Economic Date.

Under the Sale and Purchase Agreement, the Seller and Perenco have each given customary representations, warranties, covenants and indemnities to the other, including undertakings regarding achieving satisfaction of the conditions as well as regarding the conduct of the business of the Wytch Farm Interests pending Completion.

Further details of the Sale and Purchase Agreement are set out in Part III of this document.

## **5. USE OF PROCEEDS**

Disposal proceeds will be used to pay down Premier's existing debt. In addition, as Perenco will be responsible for providing decommissioning security, Premier will be released from letters of credit, amounting to approximately US\$75 million, which are currently held for future field abandonment liabilities. This will result in a total reduction to Premier's Covenanted Net Debt of approximately US\$275 million, taking into account cash flows retained after the Economic Date.

## **6. FINANCIAL EFFECTS OF THE DISPOSAL**

For the year ended 31 December 2016, the Wytch Farm Pre-Existing Interests generated a profit before taxation of approximately US\$23.5 million and as at 30 June 2017 had gross assets of approximately US\$90.2 million. Following Completion the Group's results will exclude any future earnings from the Wytch Farm Interests. The financial information is extracted without material adjustment from Part IV of this Circular which also sets out further information on the Wytch Farm Pre-Existing Interests.

As at 30 June 2017, the Wytch Farm Pre-Existing Interests had net assets of US\$42.2 million. Transaction costs are anticipated to be approximately US\$1.2 million and will be expensed in Premier's income statement in the year ending 31 December 2017. An unaudited pro forma statement of net assets illustrating the effect of the Disposal on the Premier Group's net assets as at 30 June 2017, as if it had been undertaken at that date, is set out in Part V of this Circular. This information is unaudited and has been prepared for illustrative purposes only. It shows that the impact of the Disposal would have led to a pro forma increase in net assets of US\$81 million as at 30 June 2017.

Shareholders should read the whole of this document and not just rely on the summarised financial information contained in this letter.

## **7. CURRENT TRADING AND PROSPECTS**

### *Premier*

Premier issued its half year results statement on 24 August 2017. The performance of Premier was described in the Chief Executive Officer's statement as follows:

*"Premier continues to deliver excellent operational performance, which will drive free cash flow and the reduction of net debt. The first half saw good progress on the Catcher and Tolmount projects, a world class exploration success in Mexico and the acceleration of cash flow from disposals. Following the successful completion of our refinancing, we are ahead of plans to restore financial strength while progressing a number of exciting projects for future growth."*

The macro-economic environment remains challenging for Premier and its industry competitors, with significant and ongoing oil price volatility. Brent crude opened 2017 at US\$56.6/bbl falling to a low of US\$44.8/bbl in June 2017, before closing at US\$47.9/bbl at 30 June 2017. The average price for the first six months of 2017 was US\$51.7/bbl, as against US\$39.8/bbl for the corresponding period in 2016.

Against this economic backdrop the Group's production grew significantly in the first six months of 2017 to average 82.1 kboepd (as against 61.0 kboepd for the corresponding period in 2016), resulting in total sales revenue from all operations of US\$566.3 million compared with US\$393.8 million in the first half of 2016. This increased production was driven by high operating efficiency, better than predicted reservoir performance

on certain fields and a full period contribution from the E.ON portfolio. As a result of the strong production performance in the first half, the Group increased its 2017 production guidance to 75-80 kboepd from the previous guidance of 75 kboepd.

EBITDAX for the period of six months ending 30 June 2017 from continuing operations was US\$325.9 million compared to US\$162.7 million for the same period in 2016. The increased EBITDAX was mainly due to higher production and higher average oil and gas prices realised during the period. Cost of sales for the Group was US\$399.3 million for the first half of 2017, compared to US\$339.4 million for the corresponding period in 2016.

The price of Brent crude has increased materially since the date on which the half year results were published, from \$52.04/bbl on 24 August 2017 to \$62.72/bbl on 17 November 2017. Apart from this, there has been no material change in the Board's assessment of the matters described in the Group's half year results statement published on 24 August 2017.

#### *Wytch Farm Interests*

Current trading of the Wytch Farm Interests is in line with the statements made in Premier's half year results statement dated 24 August 2017. Production from the Wytch Farm Pre-Existing Interests averaged 4.5 kboepd for the first six months of 2017 (as opposed to 5.1 kboepd in the first six months of 2016), reflecting modest reservoir decline.

### **8. WORKING CAPITAL**

Your attention is drawn to the working capital statement set out in section 9 of Part VI of this document regarding the working capital available to the Group over the next 12 months.

### **9. RISK FACTORS**

Shareholders should consider fully and carefully the risk factors associated with the Disposal and the operations of the Continuing Group. Your attention is drawn to the risk factors set out in Part II of this Circular.

### **10. GENERAL MEETING**

The Disposal is conditional upon, amongst other things, the approval of Shareholders at the General Meeting. Set out at the end of this document is a notice convening the General Meeting. The General Meeting will be held at 23 Lower Belgrave Street, London SW1W 0NR at 9:30 a.m. on Thursday 7 December 2017. The Shareholder Resolution will be proposed as an ordinary resolution requiring a simple majority of votes in favour to be passed. The Disposal will not proceed unless the Shareholder Resolution is passed.

The Board considers it to be in the best interests of Premier and its Shareholders for Completion to occur as soon as possible. For this reason, the General Meeting is to be convened in accordance with the applicable statutory notice period rather than the 14 working days under the UK Corporate Governance Code.

### **11. ACTION TO BE TAKEN**

**You will find enclosed with this document the Form of Proxy for use at the General Meeting or at any adjournment thereof. You are requested to complete and sign the Form of Proxy in accordance with the instructions printed on it and return it as soon as possible to, but in any event so as to be received no later than 9:30 a.m. on Tuesday 5 December 2017 by the Registrar, Link Asset Services at PXS, 34 Beckenham Road, Beckenham Kent BR3 4TU or electronically via the internet. Instructions on how to do this can be found on the Form of Proxy. You may also deliver the Form of Proxy by hand to Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU during usual business hours. CREST members may also choose to use the CREST electronic proxy appointment service in accordance with the procedures set out in the notice convening the General Meeting at the end of this document. The lodging of the Form of Proxy (or the electronic appointment of a proxy) will not preclude you from attending and voting at the General Meeting in person if you so wish.**

### **12. FURTHER INFORMATION**

You should read the whole of this Circular in respect of the Disposal and the information incorporated by reference into it and not just rely on the summarised information contained in this Part I of this Circular. In particular, your attention is drawn to the risk factors set out in Part II of this Circular and the information incorporated by reference into this document as listed in Part VII.

### 13. RECOMMENDATION

#### *Importance of Vote*

If the Disposal completes, the Group will receive proceeds at an attractive valuation for the Wytch Farm Interests, which will be used to pay down the Group's debt and, in addition, it will result in Premier's release from letters of credit amounting to US\$75 million. Therefore, the Disposal will reduce Premier's Covenanted Net Debt, which stood at US\$3.42 billion at 30 September 2017, by approximately US\$275 million. The Disposal is not expected to have a material impact on the Group's ability to comply with the Net Leverage Ratio and Interest Coverage Ratio Covenants.

Premier is committed to reducing its overall level of net debt and under the terms of the Group's financing arrangements, Covenanted Net Debt is required to be reduced to less than US\$2.95 billion as at 31 December 2018. The Disposal is an important step towards achieving this target. If the Disposal does not proceed, the Group will lose this opportunity to realise proceeds for the Wytch Farm Interests at an attractive valuation and to reduce its debt.

#### *Recommendation*

The Board therefore considers the Disposal to be in the best interests of Premier and its Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Shareholder Resolution to be proposed at the General Meeting, as the Directors intend to do in respect of their own beneficial holdings which, at the Latest Practicable Date amounted to 2,149,508 Ordinary Shares in aggregate, representing approximately 0.41 per cent. of Premier's existing issued share capital.

Yours faithfully,

Roy Franklin  
*Chairman*

## PART II—RISK FACTORS

Shareholders should be aware that a shareholding in Premier involves a degree of risk. In addition to the other information contained in, or incorporated by reference into the document, the following risk factors should be considered carefully in evaluating whether to vote in favour of the Shareholder Resolution.

The risk factors in this document set out the necessary disclosure in accordance with the Listing Rules, and do not seek to cover all of the material risks which generally affect the Group.

The risks and uncertainties described below represent those known to the Board as at the date of this document which the Board consider to be material risks relating to the Disposal, in addition to material risks relating to the Continuing Group which result from or are impacted by the Disposal. These risks and uncertainties are, however, not the only ones facing the Group. Additional risks and uncertainties that do not currently exist or that are not currently known to the Board, or that the Board currently consider to be immaterial, could also have a material adverse effect on the business, results of operations, financial condition or prospects of Premier or, following Completion, the Continuing Group.

If any or a combination of the events described below actually occurs, the business, results of operations, financial conditions or prospects of Premier or, following Completion, the Continuing Group could be materially and adversely impacted. In such case, the market price of Ordinary Shares could decline and investors may lose all or part of their investment.

Shareholders should read this document as a whole and not rely solely on the information set out in this section.

### 1. Risk factors relating to the Disposal

#### *Warranties and undertakings in the Sale and Purchase Agreement*

The Sale and Purchase Agreement contains customary representations, warranties and tax indemnities given by Premier in favour of Perenco, details of which are set out in Part III of this Circular. Whilst due diligence has been undertaken and limitations of liability have been negotiated as part of the Sale and Purchase Agreement to minimise the liability under these provisions, any liability to make a payment arising from a successful claim by Perenco under these provisions could have a material adverse effect on Premier's business, financial condition and results of operations.

#### *The Disposal would result in a reduction in the Group's production and reserves*

If the Disposal completes, it will result in a reduction in the Group's total production capacity and reserves. As an indication of the impact of such reduction on the Group, it is noted that as of 31 December 2016 the estimated 2P reserves in Wytch Farm net to Premier were 14.91 mmboe,<sup>4</sup> representing 4.2 per cent. of Premier Group's 2P reserves. Wytch Farm production, net to Premier's working interest, averaged 5.11 kboepd for the first half of 2017 representing 6.2 per cent. of Group production for the period.<sup>5</sup> While such reduction would not be material in the context of the Group's operations as a whole, it would mean that the Group would be less able to benefit from any future increases in hydrocarbon prices.

### 2. Risk factors relating to the Disposal not proceeding

#### *Premier may be unable to reduce its Covenanted Net Debt*

If the Disposal completes, the Net Disposal Proceeds will be used to pay down the Group's debt and in addition it will result in Premier's release from letters of credit amounting to US\$75 million. Therefore, the Disposal will reduce Premier's Covenanted Net Debt, which stood at US\$3.42 billion at 30 September 2017, by approximately US\$275 million. Premier is required, under the terms of the Group's financing arrangements, to reduce Covenanted Net Debt to US\$2.95 billion at 31 December 2018. Therefore, the Disposal is an important step in allowing the Board to achieve this target. If the Disposal does not proceed, the Group will lose this opportunity to realise proceeds at an attractive valuation and to reduce its debt.

<sup>4</sup> Based on a pro forma 33.8 per cent. working interest (including the additional 3.75 per cent. interest in licences PL089 and P534, representing an additional 3.71 per cent. interest in Wytch Farm, acquired in June 2017).

<sup>5</sup> Based on a pro forma 33.8 per cent. working interest (including the additional 3.75 per cent. interest in licences PL089 and P534, representing an additional 3.71 per cent. interest in Wytch Farm, acquired in June 2017).

### ***The Disposal may not complete***

The Sale and Purchase Agreement is conditional upon the passing of the Shareholder Resolution at the General Meeting and there can be no guarantee that Shareholders will approve the Shareholder Resolution. It is also subject to obtaining all necessary consents from relevant third parties (including the Oil and Gas Authority). In the event that such conditions are not met or have not been satisfied (or where applicable waived) by the Long Stop Date, the Disposal may not be completed and the Sale and Purchase Agreement may terminate. In addition, Perenco would be entitled to terminate the Sale and Purchase Agreement upon the occurrence of any material adverse change event (as more particularly described in section 1.8 of Part III). Should the Disposal fail to complete, Premier would not receive the Consideration for the Disposal and would be obliged to pay out-of-pocket fees incurred in relation to the transaction without being able to set these off against the Disposal proceeds.

### ***Inability to realise value if the Disposal does not complete***

The Board believes that the Disposal is in the best interests of Shareholders taken as a whole and that it currently provides the best opportunity to realise an attractive and certain value for the Wytch Farm Interests. If the Disposal does not complete, the realisable value of the Wytch Farm Interests to Premier may be lower than can be realised by way of the Disposal.

### ***Inability to dispose of Wytch Farm Interests***

If the Disposal is not approved by Shareholders, the Disposal will become incapable of completion. If this were to occur, there would be no assurance that Premier would be able to dispose of the Wytch Farm Interests at a later date, in favourable or equivalent market circumstances, or to dispose of the Wytch Farm Interests at all. The Board has determined that the Disposal offers highly attractive value for Shareholders in the short term as well as improving the prospects of the Continuing Group in the medium to long term.

## **3. Risks relating to the Continuing Group**

### ***The Group continues to require significant cash flows and liquidity to meet its debt obligations and to finance its planned operations.***

The Group's future cash flows are dependent on, amongst other things, future oil and gas prices, production profiles and expenditure. At the average oil and gas prices observed over the last 12 months and current production levels (as increased by forecast production from the Catcher field), the Group expects to have sufficient positive cash flows and positive liquidity to meet its debt obligations and to finance its planned operations throughout the Working Capital Period. This is the case regardless of whether or not the Disposal completes. Completion of the Disposal will, however, provide an immediate improvement in the Group's Covenanted Net Debt of US\$275.0 million, partially offset by a reduction in future EBITDA.

In the event that oil and gas prices are below the average observed over the last 12 months and/or production profiles were to fall below expected levels, then there is a risk that the Continuing Group will be unable to generate sufficient positive cash flows and to maintain sufficient liquidity. This would affect the Group's ability to meet its existing debt obligations including its Financial Covenants, which could in turn lead to non-payment and events of default under the Group's debt facilities.

In the event that the oil price remains in line with average prices observed over the last 12 months, Premier expects to be able to meet its existing debt obligations (including its Financial Covenants) throughout the Working Capital Period. Depending on prevailing oil prices and operating performance at that time, however, there is a risk that the Group may not be able to meet its Financial Covenant obligations outside of the Working Capital Period.

### ***The market price of Premier shares may go down as well as up***

Shareholders should be aware that the value of an investment in the Continuing Group may go down as well as up and can be highly volatile. The price at which the Ordinary Shares may be quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Continuing Group and its operations and some which may affect the industry as a whole, other comparable companies or publically traded companies. The sentiments of the stock market regarding the Disposal will be one factor and this, together with other factors including the actual or anticipated fluctuations in the financial performance of the Continuing Group and its competitors, market fluctuations, and legislative or regulatory changes in the oil and gas industry, could lead to the market price of Ordinary Shares going up or down.

## PART III—PRINCIPAL TERMS AND CONDITIONS OF THE DISPOSAL

### 1. SALE AND PURCHASE AGREEMENT

#### 1.1 Parties and Structure

Pursuant to a sale and purchase agreement entered into between the Seller and Perenco on 20 November 2017 (the “**Sale and Purchase Agreement**”), the Seller has agreed, subject to the satisfaction of certain conditions, to sell and transfer the Wytch Farm Interests to Perenco at Completion. The transfer shall, as between the Seller and Perenco, be deemed for all purposes other than taxation to be made with effect on and from 1 July 2017 (the “**Economic Date**”).

The Wytch Farm Interests consist of a 34.1 per cent. interest in licences PL089 (currently due to expire on 31 March 2024) and P534 (currently due to expire on 13 June 2021), which are renewed on a rolling basis. Licences PL089 and P534 cover most of Wytch Farm, however, a small portion of Wytch Farm extends into the area covered by licence PL259, which is 100 per cent. owned by Perenco. Consequently, the Seller’s interest in licences PL089 and P534 corresponds to a slightly smaller interest in Wytch Farm. In addition to Wytch Farm, licences PL089 and P534 cover the Wareham field (which is not currently productive) and the offshore Beacon discovery which has not yet been developed. Following Completion, interests in the PL089 and P534 licences and in Wytch Farm respectively will be as follows:

Holder	% interest in PL089 and P534 licences		% interest in Wytch Farm	
	Current	Post-Completion	Current	Post-Completion
Perenco . . . . .	53.4	87.5	53.8	87.6
Seller . . . . .	34.1	0	33.8	0
Ithaca Energy . . . . .	7.5	7.5	7.4	7.4
Repsol Sinopec . . . . .	5.0	5.0	5.0	5.0

#### 1.2 Consideration

The base consideration payable by Perenco to the Seller for the Wytch Farm Interests is US\$200,000,000, subject to customary adjustments in the period from the Economic Date to Completion (the base consideration of US\$200,000,000 as adjusted being the “**Consideration**”). The Consideration is payable in cash on Completion.

The customary adjustments are for the following items in respect of the Wytch Farm Interests:

- (a) working capital at the Economic Date (increasing the base consideration if positive and decreasing it if negative);
- (b) petroleum and other receipts from the Economic Date to Completion (decreasing the base consideration); and
- (c) joint operating agreement invoicing and other costs from the Economic Date to Completion (increasing the base consideration).

There shall also be a time value adjustment to the Consideration and the adjustments thereto in the form of an amount equivalent to interest (calculated on a simple basis on the accumulated daily balances) at 2 per cent. above LIBOR.

For tax purposes US\$90,251,681 of the base consideration is allocated to expenditure incurred in respect of plant and machinery and US\$79,748,319 of the base consideration is allocated to expenditure incurred in respect of mineral exploration and access. The US\$30,000,000 balance of the base consideration is allocated to the licences comprising the Wytch Farm Interests. Premier is therefore allocating US\$170,000,000 of base consideration to capital allowances for use by Perenco. Given Premier’s existing tax profile, these are not of material value to the Group in the short term.

#### 1.3 Pre-Completion Obligations

In the period from 20 November 2017 until Completion, the Seller has undertaken to conduct its affairs and operations regarding the Wytch Farm Interests in the ordinary course and in accordance with good and prudent oil and gas industry practice, and has given a number of specific undertakings to Perenco regarding the Wytch Farm Interests during such period. Perenco is not entitled to damages or other financial remedy in respect of any breach of such pre-Completion undertakings by the Seller.

#### **1.4 Conditions to Completion**

Completion is subject to a number of conditions including receipt of all necessary consents, approvals and waivers from relevant third parties. Outstanding conditions include obtaining necessary approvals and consents from certain third parties (including the Oil and Gas Authority) and the passing of the Shareholder Resolution. The Seller and Perenco are each obliged to use all reasonable endeavours to procure the fulfilment of the conditions precedent as soon as reasonably practicable.

#### **1.5 Completion Deliverables**

At Completion each of the Seller and Perenco is obliged to execute and deliver (or procure the execution and delivery of) certain documents required to give effect to the Disposal and to ensure the return to the Seller for cancellation of certain letters of credit procured by the Seller as security in respect of decommissioning liabilities and obligations attributable to the Wytch Farm Interests.

#### **1.6 Warranties and Indemnities**

The Seller has provided certain warranties to Perenco with respect to itself and the Wytch Farm Interests. The warranties relate to, among other things, title, capacity and authority. The Seller's liability for claims under the warranties is subject to a number of contractual limitations, in particular: (a) the Seller's maximum aggregate liability for all claims under the warranties shall not exceed the Consideration; (b) any claims under the warranties must be notified to the Seller by Perenco within 12 months of Completion; and (c) the Seller shall not be liable for any claim under the warranties unless each individual claim is in excess of 0.25 per cent. of the Consideration and all claims in the aggregate are in excess of 2.5 per cent. of the Consideration.

Subject to Completion, the Seller indemnifies Perenco against liabilities and obligations in respect of the Wytch Farm Interests relating (on an accruals basis) to the period prior to the Economic Date, and Perenco indemnifies the Seller against liabilities and obligations in respect of the Wytch Farm Interests relating (on an accruals basis) to the period from and including the Economic Date. Notwithstanding the foregoing, subject to Completion, Perenco indemnifies the Seller against all environmental liabilities and decommissioning liabilities attributable to the Wytch Farm Interests whether arising before, on or after the Economic Date.

#### **1.7 Parent Company Guarantee**

Pursuant to a deed of guarantee and indemnity dated 20 November 2017 (the "**Purchaser PCG**"), Perenco S.A. has given to the Seller: (a) an irrevocable and unconditional guarantee in respect of Perenco's obligations under the Sale and Purchase Agreement; and (b) an indemnity against all losses, costs, claims, liabilities, damages and expenses suffered or incurred by the Seller arising from the failure of Perenco to perform such guaranteed obligations.

#### **1.8 Termination**

If any of the conditions precedent are not satisfied or waived by the Long Stop Date, the Sale and Purchase Agreement shall terminate without liability to either the Seller or Perenco except in respect of any prior breach or other accrued rights or obligations.

If at any time before or at Completion it becomes apparent to Perenco that there has been or will be a breach of a title warranty by the Seller, Perenco may terminate the Sale and Purchase Agreement by notice to the Seller or proceed to Completion, but in no event shall Perenco be entitled to damages in respect of such a breach.

If a material adverse change event (i.e. physical damage to or destruction of all or part of the facilities by acts of God, the effects of natural elements, fire, explosion, storm, earthquake, acts of war, terrorism or radioactive contamination which results in a cost of repair/replacement and/or loss and/or deferral of production (after recovery and application of available insurance proceeds) in excess of US\$50 million occurs prior to Completion, Perenco may terminate the Sale and Purchase Agreement by notice to the Seller, and the Sale and Purchase Agreement shall terminate without liability to either the Seller or Perenco except in respect of any prior breach or other accrued rights or obligations.

#### **1.9 Governing law**

The Sale and Purchase Agreement and the Purchaser PCG are governed by the laws of England and Wales.

## PART IV—FINANCIAL INFORMATION RELATING TO WYTCH FARM

### Nature of the financial information

For the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016, the financial information relating to the Wytch Farm Pre-Existing Interests has been extracted without material adjustment from the consolidation schedules underlying the audited consolidated financial statements of Premier for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016.

For the six months ended 30 June 2017, the unaudited financial information relating to the Wytch Farm Pre-Existing Interests has been extracted without material adjustment from the consolidation schedules underlying the unaudited interim consolidated financial information of Premier for the six months ended 30 June 2017.

The financial information contained in this Part IV has been prepared using the accounting policies of the Group on a basis consistent with the accounting policies adopted in the Group's latest annual accounts, being those for the year ended 31 December 2016. It represents the Wytch Farm Pre-Existing Interests, being the 30.1 per cent working interest in Wytch Farm held by Premier in these financial periods and it has not been adjusted for the additional 3.75 per cent. interest in licences PL089 and P534, representing an additional 3.71 per cent. interest in Wytch Farm, acquired for US\$9.6 million in October 2017.

The financial information includes historical Petroleum Revenue Tax ("PRT") balances specific to the Pre-Existing Wytch Farm Interests, however, does not include corporation tax or supplementary corporation tax charges or credits. The Pre-Existing Wytch Farm Interests were owned by Premier Oil UK Ltd and the historical tax balances were part of the wider Premier Oil UK Ltd tax position. Therefore, it is not possible to reliably disaggregate a historical corporation tax and supplementary corporation tax position specific to the Pre-Existing Wytch Farm Interests.

The financial information contained in this Part IV does not constitute statutory accounts within the meaning of Section 434 of the Companies Act. The consolidated statutory accounts of Premier in respect of the three years ended 31 December 2016 have been delivered to the Registrar of Companies. The auditors' reports in respect of the statutory accounts for each of these three periods were unqualified and did not contain statements under section 237(2) or (3) of the Companies Act.

Deloitte LLP were the auditors of Premier, including the Wytch Farm Pre-Existing Interests, in respect of the three years ended 31 December 2016.

Shareholders should read the whole of the document and not rely solely on the financial information contained in this Part IV.

### Income statements

	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Unaudited Six months ended 30 June 2017
	US\$ million	US\$ million	US\$ million	US\$ million
<b>Sales revenues</b> . . . . .	212.6	77.3	73.6	38.4
Cost of sales . . . . .	(119.5)	(57.8)	(45.5)	(21.1)
General and administration costs . . . . .	(2.2)	(0.5)	(2.4)	(0.3)
<b>Operating profit</b> . . . . .	90.9	19.0	25.7	17.0
Interest revenue, finance and other gains . . . . .	0.7	—	0.1	—
Finance costs, other finance expenses and losses . . . . .	(2.9)	(3.3)	(2.3)	(1.4)
<b>Profit before tax</b> . . . . .	88.7	15.7	23.5	15.6
Tax (charge) / credit—PRT . . . . .	(59.5)	(19.5)	0.8	—
<b>Profit / (loss) after tax</b> . . . . .	<u>29.2</u>	<u>(3.8)</u>	<u>24.3</u>	<u>15.6</u>

## Balance sheets

	As at 31 December 2016	Unaudited As at 30 June 2017
	US\$ million	US\$ million
<b>Non-current assets:</b>		
Property, plant and equipment . . . . .	85.7	78.2
	85.7	78.2
<b>Current assets:</b>		
Trade and other receivables . . . . .	10.5	12.0
	10.5	12.0
<b>Total assets . . . . .</b>	<b>96.2</b>	<b>90.2</b>
<b>Current liabilities:</b>		
Trade and other payables . . . . .	(7.0)	(7.5)
	(7.0)	(7.5)
<b>Net current assets . . . . .</b>	<b>3.5</b>	<b>4.5</b>
<b>Non-current liabilities:</b>		
Long-term provisions . . . . .	(37.3)	(40.5)
	(37.3)	(40.5)
<b>Total liabilities . . . . .</b>	<b>(44.3)</b>	<b>(48.0)</b>
<b>Net assets . . . . .</b>	<b>51.9</b>	<b>42.2</b>

## PART V—UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE GROUP

### Accountants' Report on the Unaudited Pro Forma Statement of Net Assets of the Group

**Deloitte.**

Deloitte LLP  
2 New Street Square  
London  
EC4A 3BZ

The Board of Directors  
on behalf of Premier Oil plc  
4th Floor  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EN

RBC Europe Limited  
Riverbank House  
2 Swan Lane  
London  
EC4R 3BF

21 November 2017

Dear Sirs,

#### **Premier Oil plc (“Premier”)**

We report on the pro forma financial information (the “**Pro Forma Financial Information**”) set out in Part V of the Circular, which has been prepared on the basis described in the notes for illustrative purposes only, to provide information about how the Disposal might have affected the financial information presented on the basis of the accounting policies adopted by Premier in preparing the financial statements for the period ended 31 December 2016. This report is required by the Commission Regulation (EC) No 809/2004 (the “**Prospectus Directive Regulation**”) as applied by Listing Rule 13.3.3R and is given for the purpose of complying with that requirement and for no other purpose.

#### **Responsibilities**

It is the responsibility of the Directors of Premier (the “**Directors**”) to prepare the Pro Forma Financial Information in accordance with Annex II items 1 to 6 of the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R.

It is our responsibility to form an opinion, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you in accordance with Annex II item 7 of the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to Shareholders as a result of the inclusion of this report in this Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R(6), consenting to its inclusion in this Circular.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

#### **Basis of Opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily

of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Premier.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

### **Opinion**

In our opinion:

- (a) the Pro forma financial information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of Premier.

Yours faithfully

Deloitte LLP

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## Unaudited Pro Forma Statement of Net Assets of the Group

The unaudited pro forma statement of net assets of the Group in this Part V has been prepared based on the consolidated balance sheet of Premier as at 30 June 2017.

The unaudited pro forma statement of net assets has been prepared to illustrate the effect of the Disposal on the consolidated net assets of Premier as if it had completed on 30 June 2017. The unaudited pro forma statement of net assets has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results.

The unaudited pro forma statement of net assets is based on Premier's unaudited consolidated results as at 30 June 2017 and the unaudited financial information relating to the Wytch Farm Pre-Existing Interests as at 30 June 2017 contained in Part IV. It has been prepared on a consistent basis with Premier's accounting policies and presentation adopted in its last consolidated financial statements for the year ended 31 December 2016, on the basis of the notes set out below and in accordance with Listing Rule 13.3.3R.

Furthermore, the unaudited pro forma financial information set out in this Part V does not constitute statutory accounts within the meaning of section 434 of the Companies Act.

		Disposal of Wytch Farm Pre- Existing Interests net assets as at	Adjustments				Unaudited pro forma net assets of the Continuing Group as at
	Premier net assets as at 30 June 2017	30 June 2017	Disposal of capital allowances	Acquisition of 3.71% additional interest	Disposal of 3.71% additional interest	Other disposal accounting adjustments	30 June 2017
	US\$ million Note 1	US\$ million Note 2	US\$ million Note 3	US\$ million Note 4	US\$ million Note 5	US\$ million Note 6	US\$ million
<b>Non-current assets:</b>							
Intangible exploration and evaluation assets . . . . .	1,029.7	—	—	—	—	—	1,029.7
Property, plant and equipment . .	2,678.6	(78.2)	—	13.7	(13.7)	—	2,600.4
Goodwill . . . . .	240.8	—	—	—	—	—	240.8
Investment in associate . . . . .	6.5	—	—	—	—	—	6.5
Long-term receivables . . . . .	154.9	—	—	—	—	—	154.9
Deferred tax assets . . . . .	1,349.6	—	(66.0)	—	—	—	1,283.6
	<u>5,460.1</u>	<u>(78.2)</u>	<u>(66.0)</u>	<u>13.7</u>	<u>(13.7)</u>	<u>—</u>	<u>5,315.9</u>
<b>Current assets:</b>							
Inventories . . . . .	19.5	—	—	—	—	—	19.5
Trade and other receivables . . . .	307.9	(12.0)	—	1.1	(1.1)	—	295.9
Derivative financial instruments . .	20.3	—	—	—	—	—	20.3
Cash and cash equivalents . . . . .	307.5	—	—	(9.3)	(0.3)	198.8	496.7
Assets held for sale . . . . .	43.7	—	—	—	—	—	43.7
	<u>698.9</u>	<u>(12.0)</u>	<u>—</u>	<u>(8.2)</u>	<u>(1.4)</u>	<u>198.8</u>	<u>876.1</u>
<b>Total assets . . . . .</b>	<b><u>6,159.0</u></b>	<b><u>(90.2)</u></b>	<b><u>(66.0)</u></b>	<b><u>5.5</u></b>	<b><u>(15.1)</u></b>	<b><u>198.8</u></b>	<b><u>6,192.0</u></b>
<b>Current liabilities:</b>							
Trade and other payables . . . . .	(383.4)	7.5	—	(0.5)	0.5	—	(375.9)
Short-term debt . . . . .	(332.8)	—	—	—	—	—	(332.8)
Provisions . . . . .	(35.1)	—	—	—	—	—	(35.1)
Derivative financial instruments . .	(60.8)	—	—	—	—	—	(60.8)
Deferred income . . . . .	(21.1)	—	—	—	—	—	(21.1)
Liabilities held for sale . . . . .	(29.7)	—	—	—	—	—	(29.7)
	<u>(862.9)</u>	<u>7.5</u>	<u>—</u>	<u>(0.5)</u>	<u>0.5</u>	<u>—</u>	<u>(855.4)</u>
<b>Net current assets . . . . .</b>	<b><u>(164.0)</u></b>	<b><u>(4.5)</u></b>	<b><u>—</u></b>	<b><u>(8.7)</u></b>	<b><u>(0.9)</u></b>	<b><u>198.8</u></b>	<b><u>20.7</u></b>
<b>Non-current liabilities:</b>							
Long term debt . . . . .	(2,700.9)	—	—	—	—	—	(2,700.9)
Deferred tax liabilities . . . . .	(172.3)	—	—	—	—	—	(172.3)
Deferred income . . . . .	(91.3)	—	—	—	—	—	(91.3)
Long-term provisions . . . . .	(1,402.5)	40.5	—	(5.0)	5.0	—	(1,362.0)
Derivative financial instruments . .	(60.0)	—	—	—	—	—	(60.0)
	<u>(4,427.0)</u>	<u>40.5</u>	<u>—</u>	<u>(5.0)</u>	<u>5.0</u>	<u>—</u>	<u>(4,386.5)</u>
<b>Total liabilities . . . . .</b>	<b><u>(5,289.9)</u></b>	<b><u>48.0</u></b>	<b><u>—</u></b>	<b><u>(5.5)</u></b>	<b><u>5.5</u></b>	<b><u>—</u></b>	<b><u>(5,241.9)</u></b>
<b>Net assets . . . . .</b>	<b><u>869.1</u></b>	<b><u>(42.2)</u></b>	<b><u>(66.0)</u></b>	<b><u>—</u></b>	<b><u>(9.6)</u></b>	<b><u>198.8</u></b>	<b><u>950.1</u></b>

Notes:

- (1) The net assets of Premier as at 30 June 2017 have been extracted without material adjustment from the unaudited interim consolidated financial information incorporated by reference in Part VII of this document.

- (2) This adjustment removes the assets and liabilities of the Wytch Farm Pre-Existing Interests as at 30 June 2017. The figures have been extracted without material adjustment from the consolidation schedules that underlie the unaudited interim consolidated financial information of Premier at that date, included in Part IV of this document.
- (3) This adjustment represents the reduction in Premier's deferred tax asset position as a result of the Disposal, of which the most significant element is the transfer of US\$170 million of capital allowances to Perenco as part of the Disposal. By transferring these allowances, Premier is utilising a portion of the total allowance and tax loss pool that it expects to receive a tax benefit from in the future.
- (4) This adjustment shows the impact of the acquisition of an additional working interest of 3.71 per cent. in Wytch Farm from Maersk, completed in October 2017. Net assets of the Premier Group have been adjusted to reflect the additional 3.71 per cent. share acquired, including cash of US\$0.3 million, offset by the cash consideration of US\$9.6 million paid.
- (5) The additional 3.71 per cent. interest in Wytch Farm acquired from Maersk is part of the Disposal. Therefore, the net assets of the Premier Group have been reduced to eliminate the additional net assets acquired after 30 June 2017.
- (6) The Disposal adjustment reflects the estimated net cash proceeds for the Wytch Farm Interests which will be as follows:

	<u>US\$ million</u>
Disposal consideration . . . . .	200.0
Transaction costs . . . . .	(1.2)
<b>Net consideration . . . . .</b>	<b>198.8</b>

The consideration will be subject to certain customary financial adjustments in the period from the Economic Date to Completion. No adjustment has been made in the Pro Forma Financial Information to reflect these adjustments as they will not be determined until the Completion date.

- (7) No adjustment has been made to the unaudited pro forma statement of net assets to reflect the trading or results of Premier or the Wytch Farm Interests since 30 June 2017.
- (8) The unaudited pro forma statement of consolidated net assets does not constitute financial statements within the meaning of section 434 of the Companies Act.

## PART VI—ADDITIONAL INFORMATION

### 1. Responsibility Statement

Premier and the Directors, whose names appear in paragraph 3 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of Premier and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2. Incorporation and Registered Office

Premier was incorporated and registered with the name of Dalglen (No. 836) Limited in Scotland on 31 July 2002 with registration number SC234781. The company name was changed from Dalglen (No. 836) Limited to Premier Oil Group Limited pursuant to a written resolution passed on 13 September 2002. Premier was re-registered as a public limited company on 10 March 2003, and its name was changed from Premier Oil Group Limited to Premier Oil plc pursuant to a special resolution passed on 3 March 2003 and which became effective on 15 July 2003.

The principal legislation under which Premier operates is the Companies Act 2006 and regulations made thereunder.

Premier is domiciled in the United Kingdom and its registered office is 4th Floor, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EN. Premier's head office is 23 Lower Belgrave Street, London SW1W 0NR.

### 3. Directors and Service Contracts and Letters of Appointment

#### 3.1 Directors

The names and principal functions of the Directors of Premier are as follows:

<u>Name</u>	<u>Position</u>
Roy Franklin . . . . .	Non-Executive Chairman
Tony Durrant . . . . .	Chief Executive Officer
Richard Rose . . . . .	Finance Director
Robin Allan . . . . .	Director, North Sea and Exploration
Dave Blackwood . . . . .	Non-Executive Director
Anne Marie Cannon . . . . .	Non-Executive Director
Jane Hinkley . . . . .	Senior Independent Non-Executive Director
Iain Macdonald . . . . .	Non-Executive Director
Mike Wheeler . . . . .	Non-Executive Director

#### 3.2 Directors' service contracts and letters of appointment

Details of executive Directors' service contracts providing for benefits upon termination of employment are set out in the section headed "Directors Remuneration Report" of the Premier 2016 Annual Report, which is incorporated into this document by reference.

Non-executive Directors' letters of appointment are effective for a period of three years, subject to annual re-election by shareholders at each Annual General Meeting and have a notice period of three months. They provide for no arrangements under which any non-executive Director is entitled to receive remuneration upon the early termination of his or her appointment. Details of the letters of appointment are set out in the table below.

<u>Director</u>	<u>Year appointed Director</u>	<u>Date of current appointment letter</u>
Roy Franklin . . . . .	2017	09.08.2017
Dave Blackwood . . . . .	2017	09.08.2017
Anne Marie Cannon . . . . .	2014	12.05.2017
Jane Hinkley . . . . .	2010	17.05.2017
Iain Macdonald . . . . .	2016	13.04.2016
Mike Wheeler . . . . .	2017	05.08.2017

#### 4. Directors' interests

##### 4.1 Directors' interests in the Ordinary Shares

As at the Latest Practicable Date, the aggregate interests of each of the Directors and their immediate families in the share capital of Premier which have been notified to Premier pursuant to the Disclosure Guidance and Transparency Rules are set out below:

<u>Name</u>	<u>Number of Ordinary Shares</u>	<u>Percentage of issued number of Ordinary Shares</u>
Roy Franklin . . . . .	0	0
Tony Durrant . . . . .	1,464,114	0.30
Richard Rose . . . . .	84,885	0.02
Robin Allan . . . . .	524,199	0.10
Dave Blackwood . . . . .	0	0
Anne Marie Cannon . . . . .	10,000	0.002
Jane Hinkley . . . . .	13,234	0.003
Iain Macdonald . . . . .	23,076	0.004
Mike Wheeler . . . . .	30,000	0.006

##### 4.2 Share Incentive Schemes

The Directors' interests in equity pool points and share awards under the 2009 Long Term Incentive Plan, share options under the SAYE Plan 2009 and share allocations under the Share Incentive Plan for the financial year ended 31 December 2016 (being the last full financial year for Premier for which an annual report has been published) are set out in the section headed "Directors' Remuneration Report" of the Premier 2016 Annual Report, which is incorporated into this document by reference.

In addition to the interests stated in the Premier 2016 Annual Report, the following changes have occurred since 1 January 2017 and up to the Latest Practicable Date:

- (i) The following awards were granted to Directors on under the 2016-18 cycle of the 2009 Long Term Incentive Plan:

<u>Director</u>	<u>Date of award</u>	<u>% of Equity Pool</u>	<u>Number of Equity Pool Award Points</u>	<u>Performance Shares Awarded</u>	<u>Market price of Ordinary Shares on close of business prior to date of award</u>	<u>Earliest Vesting Date</u>
Robin Allan . . . . .	12.04.17	4.25	4.25	294,203	£0.665	01.01.19
Tony Durrant . . . . .	12.04.17	6.00	6.00	567,864	£0.665	01.01.19
Richard Rose . . . . .	12.04.17	4.25	4.25	249,500	£0.665	01.01.19

- (ii) The following LTIP awards were granted to Directors under the 2017 Long Term Incentive Plan:

<u>Director</u>	<u>Date of award</u>	<u>Restricted Share Awarded<sup>(1)</sup></u>	<u>Performance Shares Awarded</u>	<u>Market price of Ordinary Shares on close of business prior to date of award</u>	<u>Earliest Vesting Date<sup>(1)</sup></u>
Robin Allan . . . . .	01.09.17	128,636	562,784	£0.555	01.09.20
Tony Durrant . . . . .	01.09.17	206,909	905,227	£0.555	01.09.20
Richard Rose . . . . .	01.09.17	128,636	562,784	£0.555	01.09.20

(1) Restricted Share Awards vest in one third increments on 01.09.20, 01.09.21 and 01.09.22 respectively subject to the achievement of Performance Target

(iii) The following Deferred Bonus Awards were granted to Directors under the 2017 Long Term Incentive Plan:

<u>Director</u>	<u>Date of award</u>	<u>Deferred Shares Awarded</u>	<u>Market price of Ordinary Shares on close of business prior to date of award</u>	<u>Earliest Vesting Date</u>
Robin Allan . . . . .	12.04.17	77,357	£0.665	12.04.20
Tony Durrant . . . . .	12.04.17	142,574	£0.665	12.04.20
Richard Rose . . . . .	12.04.17	72,437	£0.665	12.04.20

(iv) The following deferred share awards vested to Directors under the terms of the 2009 Long Term Incentive Plan:

<u>Director</u>	<u>Date of grant</u>	<u>Gross number of deferred shares vesting</u>	<u>Shares withheld to cover income tax and NICs due on vesting</u>	<u>Net number of deferred shares transferred to Director</u>	<u>Market price of Ordinary Shares on close of business prior to date of award</u>	<u>Market price of Ordinary Shares on date of vesting (23 Mar 2017)</u>
Robin Allan . . . . .	14.05.13	59,878	27,677	32,201	£3.933	£0.655
Tony Durrant . . . . .	14.05.13	63,870	30,019	33,851	£3.933	£0.655

(v) On 23 March 2017, the following deferred shares were released to Richard Rose pursuant to a Conditional Share Award Agreement entered into on joining the Company:

<u>Director</u>	<u>Date of grant</u>	<u>Gross number of deferred shares vesting</u>	<u>Shares withheld to cover income tax and NICs due on vesting</u>	<u>Net number of deferred shares transferred to Director</u>	<u>Market price of Ordinary Shares on close of business prior to date of award</u>	<u>Market price of Ordinary Shares on date of vesting (23 Mar 2017)</u>
Richard Rose . . . . .	09.09.14	26,135	12,284	13,851	£3.413	£0.655

(vii) During the period between 1 January 2017 and the Latest Practicable Date, Directors acquired the following additional interests in Ordinary Shares by virtue of their participation in the Share Incentive Plan:

<u>Director</u>	<u>Partnership Shares purchased by Directors at prices between £0.5250 and £0.8820</u>	<u>Matching Shares awarded to Directors at prices between £0.5250 and £0.8820</u>
Robin Allan . . . . .	2,153	2,153
Tony Durrant . . . . .	2,153	2,153
Richard Rose . . . . .	2,584	2,584

## 5. Major Shareholders

5.1 As at the Latest Practicable Date, Premier had received notification in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules of the following notifiable interests in the voting rights attaching to Premier's issued share capital:

<u>Name of Shareholder</u>	<u>Date notified to the stock exchange</u>	<u>Notified number of voting rights</u>	<u>Notified percentage of voting rights</u>	<u>Nature of holding</u>
Deutsche Bank AG . . . . .	07.11.2017	53,158,752	10.29	Direct
Dimensional Fund Advisors LP . . . . .	18.05.2017	25,626,026	5.02	Direct
Artemis Investment Management LLP . . . . .	13.05.2015	25,451,951	4.98	Direct & Indirect
Aviva plc & subsidiaries (direct interests) <sup>(1)</sup> . . . . .	27.04.2009	3,933,529	4.956	Direct & Indirect
AXA Investment Managers . . . . .	03.03.2017	23,907,981	4.68	Indirect
Ameriprise Financial Inc. . . . .	20.01.2012	24,666,346	4.66	Direct & Indirect

(1) Interests shown for Aviva plc and its subsidiaries pre-date the Share Split in 2011.

5.2 Save as disclosed in this paragraph 5, Premier is not aware of any person who as at the Latest Practicable Date was interested directly or indirectly (within the meaning of Rule 5 of the Disclosure Guidance and Transparency Rules) in 3 per cent. or more of the voting rights in Premier.

## 6. Related party transactions

A description of the material provisions of agreements and other documents between the Premier Group and various individuals and entities that may be deemed to be related parties is given in note 25 in the section titled “Notes to the Consolidated Financial Statements” in each of the Premier 2016 Annual Report and the Premier 2015 Annual Report and note 24 in the Premier 2014 Annual Report, which are incorporated into this document by reference. No such related party transactions have been entered into by any member of the Premier Group during the period between 1 January 2017 and the Latest Practicable Date.

## 7. Material Contracts

### 7.1 The Continuing Group

In addition to the Sale and Purchase Agreement which has been summarised in Part III of this Circular, a summary of all other contracts (not being contracts entered into in the ordinary course of business) that have been entered into by any member of the Continuing Group either (i) within the two years immediately preceding the date of this document which are, or may be, material or (ii) which have been entered into by any member of the Continuing Group and which contain provisions under which any member of the Continuing Group has an obligation or entitlement that is material as at the date of this document, is set out below:

#### *Refinancing Agreements*

##### *Restructuring Implementation Deed*

On 28 July 2017, Premier, the Seller, Premier Oil Finance (Jersey) Limited and Premier Oil Holdings Limited entered into a restructuring implementation deed (the “**Restructuring Implementation Deed**”) with a number of its creditors pursuant to which the parties agreed to implement certain steps as part of a wider refinancing of the Group’s debt and capital structure (the “**Refinancing**”). The Restructuring Implementation Deed gave effect to a number of agreed amendments to the Group’s existing finance documents with its creditors. In particular, the main features of the Refinancing effected by the Restructuring Implementation Deed concerning the Group’s US\$2,500,000,000 revolving credit facility, US\$150,000,000 and £100,000,000 term loan facility, US\$446,000,000 and €100,000,000 of US private placement notes, £150,000,000 of retail bonds and US\$130,000,000 of other loans were:

- the preservation of existing debt facilities including access to approximately US\$719 million for general corporate purposes (of which US\$370.3 million had been drawn as at 22 May 2017);
- the amendment of Financial Covenants (except for retail bondholders), including:
  - a ratio of Covenanted Net Debt to EBITDA set for each testing period at 8.5:1 on or before 31 December 2017, reducing quarterly to 8.25:1 on 31 March 2018, 7:1 on 30 June 2018, 5.75:1 on 30 September 2018 and 5:1 on 31 December 2018, before returning to 3:1 from 31 March 2019 onwards (in line with Premier’s unadjusted net debt to EBITDAX covenant levels in its existing facilities);
  - a ratio of EBITDA to interest increasing from 1.5:1 for testing periods falling in 2017, to 1.6:1 on 31 March 2018, 1.9:1 on 30 June 2018, 2.3:1 on 30 September 2018, 2.6:1 on 31 December 2018 and 3:1 from 31 March 2019 onwards; and
  - minimum liquidity of not less than US\$75 million (to be tested on 31 March, 30 June, 30 September and 31 December each year on an 18 month forward-looking basis).
- a resetting of maturities under a number of the Group’s finance documents to 31 May 2021;
- improved terms for creditors such as:
  - a margin uplift of 150bps over original pricing;
  - the issue of equity warrants representing up to 15 per cent. of Premier’s issued shares (on a fully diluted basis) with an exercise price of 42.75 pence per share or synthetic warrants entitling holders to a pro rata fee calculated by reference to Premier’s share price growth or a combination of both;

- the crystallisation of certain “make-whole amounts” on the US private placement notes upon completion of the Refinancing; and
- should the Group’s Covenanted Net Debt exceed US\$2.95 billion at 31 December 2018, a supplemental fee will accrue retrospectively on the facilities at a rate determined by the amount of the Group’s Covenanted Net Debt as at the end of 2018, and will be added to the debt outstanding at the time that the Group’s Covenanted Net Debt falls below US\$2.95 billion;
- increased guarantor coverage and a comprehensive security package providing priority over unsecured creditors and, for some creditors, super senior priority over secured creditors;
- certain milestones set with a view to achieving significant deleveraging; and
- covenants aimed at deleveraging the Group including the Net Debt Covenant, the Net Leverage Ratio Covenant, the Interest Cover Ratio Covenant and minimum liquidity covenants, an excess cash sweep and restrictions on the ability of the Group to pay dividends or other distributions from retained earnings as well as various other restrictive covenants.

In addition, Premier’s hedge counterparties were granted increased guarantor coverage and the security package, with amendments being made to Premier’s cross currency swaps to reflect the adjusted maturity and pricing of the underlying debt.

The Restructuring Implementation Deed also gave effect to the following key terms to holders of the Group’s US\$245,324,000 convertible bonds:

- a resetting of maturity to 31 May 2022;
- reduced conversion price from £4.21 to 74.71 pence with anti-dilution protections;
- a 2.5 per cent. coupon, to be paid, at the election of the bond issuer, in new Ordinary Shares, from the proceeds of sale of new Ordinary Shares or in cash (subject to the terms of an intercreditor agreement between Premier and its creditors);
- the issue of equity warrants to convertible bondholders representing up to 3 per cent. of Premier’s issued shares (on a fully diluted basis) with an exercise price of 42.75 pence per share; and
- conversion at the option of the bond issuer at the conversion price at any time after one year if the value of Premier’s shares is at least 140 per cent. of the conversion price for 25 consecutive dealing days.

#### *Equity Warrant Instrument*

On 28 July 2017, Premier executed an equity warrant instrument (the “**Equity Warrant Instrument**”) and issued 71,012,952 equity warrants to certain of its creditors. Each equity warrant confers the right, but not the obligation, to subscribe in cash for one Ordinary Share (subject to adjustment as outlined below).

The equity warrants will expire on 31 May 2022.

The exercise price is £0.4275 per Ordinary Share (subject to adjustment as outlined below). A holder of equity warrants may elect for cashless exercise of all or any number of the equity warrants it holds, in which case the number of Ordinary Shares received upon exercise will be reduced accordingly.

The equity warrants benefit from customary anti-dilution protections, and the exercise price may be adjusted following certain dilutive events. Should a dilutive event occur whilst any equity warrants are outstanding, Premier will instruct its auditor or an independent expert to determine the required adjustment to the exercise price to be paid or to the number of Ordinary Shares to be issued upon exercise of an equity warrant. The auditor or independent expert will consider the economic effect of the dilutive event on the outstanding equity warrants when determining a suitable adjustment. As far as possible, adjustments will be made to the exercise price payable upon exercise of an equity warrant rather than the number of Ordinary Shares to be issued. No adjustment will be made to the extent it would result in the exercise price falling below the nominal value of one Ordinary Share. In this instance, any further adjustment required will instead be effected by increasing the number of Ordinary Shares issuable upon exercise of an equity warrant.

The equity warrants are freely transferable subject to certain restrictions contemplated by the Equity Warrant Instrument.

### *Convertible Warrant Instrument*

On 28 July 2017, Premier executed a convertible warrant instrument (the “**Convertible Warrant Instrument**”) and issued 18,097,019 registered convertible warrants to certain of its convertible bondholders. Each convertible warrant confers the right, but not the obligation, to subscribe in cash for one Ordinary Share (subject to adjustment). The key terms of the Convertible Warrant Instrument (including the price payable upon exercise of a convertible warrant) are substantially the same as those of the Equity Warrant Instrument set out above.

### *Synthetic Warrant Instruments*

On 28 July 2017, Premier executed a senior synthetic warrant instrument (the “**Senior Synthetic Warrant Instrument**”) and a super senior synthetic warrant instrument (the “**Super Senior Synthetic Warrant Instrument**”) and issued 21,375,852 registered synthetic warrants to certain creditors of the Group. The key terms of the Senior Synthetic Warrant Instrument and the Super Senior Synthetic Warrant Instrument are summarised below.

The synthetic warrants confer on each holder the right to receive a payment in cash from or on behalf of Premier of a proportionate share of a fee, equivalent to up to 15 per cent., depending on the ratio of synthetic warrants to equity warrants issued, of the difference between £218,371,728.58 (being the value of the issued share capital of Premier on the relevant reference date, on the basis of a value of 42.75 pence per share) and the market capitalisation of Premier (as calculated in accordance with the detailed provisions of the Senior Synthetic Warrant Instrument and the Super Senior Synthetic Warrant Instrument) on certain specified calculation dates.

In certain circumstances, each holder of the synthetic warrants is entitled to receive interest on its proportionate share of any fee to which it is entitled. Where the relevant calculation date precedes the date on which the fee becomes payable, the fee will be capitalised and shall accrue interest.

The synthetic warrants benefit from customary anti-dilution protections, and the fee payable may be adjusted following certain dilutive events. Should a dilutive event occur before one of the events triggering payment described above occurs, Premier will instruct its auditor or an independent expert to determine (at the time the fee is due to be calculated) the required adjustment to the calculation of the fee. The auditor or independent expert will consider the economic effect of the dilutive event on the synthetic warrant when determining a suitable adjustment.

### *Senior Lock-Up Agreement*

Premier and Premier Oil UK Limited entered into a senior lock-up agreement (the “**Senior Lock-up Agreement**”) with an effective date of 14 March 2017 with certain of their creditors pursuant to which such creditors gave certain undertakings including:

- to support the Refinancing and to vote in favour of certain schemes of arrangement intended to give effect to the Refinancing;
- not to transfer their rights under the relevant finance documents unless the proposed transferee of such rights acceded to the Senior Lock-up Agreement (subject to limited carve outs); and
- to waive any event of default arising as a result of a default under the relevant finance documents caused by the implementation of the Senior Lock-up Agreement (or by any breach of certain specified financial covenants until the Refinancing had taken effect).

The lock-up provisions bound the parties until completion of the Refinancing which took place on 28 July 2017. The Senior Lock-up Agreement subsequently terminated in accordance with its terms.

### *Convertible Bondholder Lock-up Agreement*

Premier and the Seller entered into a convertible bondholder lock-up agreement (the “**Convertible Bondholder Lock-up Agreement**”) with an effective date of 14 March 2017 with certain of their convertible bondholders pursuant to which such convertible bondholders undertook to support the Refinancing on very similar terms to those under the Senior Lock-up Agreement.

The lock-up provisions bound the parties until completion of the Refinancing which took place on 28 July 2017. The Convertible Bondholder Lock-up Agreement subsequently terminated in accordance with its terms.

### *Hedging Lock-up Agreement*

Certain Group companies entered into a hedging lock-up agreement (the “**Hedging Lock-up Agreement**”) with an effective date of 14 March 2017 with certain of their hedge counterparties pursuant to which such hedge counterparties undertook to support the Refinancing on very similar terms to those under the Senior Lock-up Agreement.

The lock-up provisions bound the parties until completion of the Refinancing which took place on 28 July 2017. The Hedging Lock-up Agreement subsequently terminated in accordance with its terms.

### *Existing Bilateral LC Lock-up Agreement*

Certain Group companies entered into an existing bilateral LC lock-up agreement (the “**Existing Bilateral LC Lock-up Agreement**”) with an effective date of 14 March 2017 with certain creditors pursuant to which such creditors undertook to support the Refinancing on very similar terms to those under the Senior Lock-up Agreement.

The lock-up provisions bound the parties until completion of the Refinancing which took place on 28 July 2017. The Existing Bilateral LC Lock-up Agreement subsequently terminated in accordance with its terms.

### **Commercial Agreements**

#### *Acquisition of 60 per cent. of the petroleum interests in the Falkland Islands of Rockhopper Exploration plc (“Rockhopper”)*

Pursuant to a sale and purchase agreement dated 12 July 2012 between Rockhopper, Premier Oil Exploration & Production Limited and Premier, Premier acquired certain petroleum licence interests in the Falkland Islands of Rockhopper, including a 60 per cent. participating interest in the Sea Lion discovery situated in Falkland Islands Petroleum Licence PL032. In consideration for the acquisition of the licences, Premier agreed to pay Rockhopper US\$231 million in cash on completion of the transfer and certain contributions to Rockhopper’s future expenditure. The acquisition completed on 18 October 2012 and by an amendment and restatement of the sale and purchase agreement dated 12 January 2016 it was agreed to amend Premier’s contributions to Rockhopper’s future expenditure as follows:

- (A) Premier to pay US\$48 million of exploration costs incurred by Rockhopper in the Falkland Islands (this has now been fully paid);
- (B) Premier to pay US\$48 million of Sea Lion pre-development costs incurred by Rockhopper in the Falkland Islands (this has now been fully paid);
- (C) Premier to pay Rockhopper US\$337 million of Sea Lion Phase 1 development costs incurred by Rockhopper after Sea Lion Phase 1 project sanction;
- (D) Premier to pay Rockhopper US\$337 million of Sea Lion Phase 2 development costs incurred by Rockhopper after Sea Lion Phase 2 project sanction;
- (E) Rockhopper to pay Premier US\$15.9 million per calendar quarter (subject to review prior to Phase 1 project sanction) from the date of first oil production from Sea Lion Phase 1 for 20 calendar quarters; and
- (F) Premier to lend Rockhopper up to US\$750 million for Rockhopper’s share of Sea Lion Phase 1 development costs following Sea Lion Phase 1 project sanction.

#### *Acquisition by POUK of interests in the Huntington Field from Noreco Oil (UK) Limited (“Noreco”) and Iona UK Huntington Limited (“Iona”) under the Huntington Joint Operating Agreement*

On 8 January 2016 and 29 January 2016 respectively, POUK elected to acquire from Noreco and Iona a percentage of their respective equity interest shares in the Huntington Field (together, the “**POUK Election Interests**”) for no consideration pursuant to the default and forfeiture provisions within the joint operating agreement in relation to the Huntington Field (the “**Huntington JOA**”). POUK already held a 40 per cent. equity interest in the Huntington Field.

#### *Acquisition by Premier of E.ON E&P UK Limited from E.ON BETEILIGUNGEN GMBH (“E.ON”)*

On 29 January 2016, Premier entered into an agreement with E.ON whereby Premier acquired the entire issued share capital of E.ON E&P UK Limited for a base purchase price of US\$120 million, plus a completion adjustment of US\$15 million, giving a total consideration of US\$135 million. Premier completed the

transaction on 29 April 2016. The assets of E.ON E&P UK Limited's group included legal and beneficial interests in certain petroleum exploration and/or production licences, participating interests in the joint operating agreements and/or unitisation and unit operating agreements relating to such licences, and legal and beneficial interests in certain property and data relating to such licences, together with all rights, liabilities and obligations associated with such interests. At the time of the acquisition the assets were valued at approximately US\$1.6/boe based on 2P reserves.

The production assets comprised:

- a 5.2 per cent. interest in the unitised Elgin-Franklin area (including the Elgin, Franklin and West Franklin gas condensate fields), along with an 18.57 per cent. interest in the Glenelg gas condensate field;
- a 25 per cent. operated interest in the Huntington Field, which rose to 38.5 per cent. post the default of Noreco Oil (UK) Limited and Iona Energy Inc. in respect of their equity in the field;
- a 47 per cent. operated interest in the Babbage gas field;
- operated interests in the Johnston (50.1 per cent.), Rita (74 per cent.) and Hunter (79 per cent.) gas fields;
- interests in the Scoter (12 per cent.) and Merganser (7.9 per cent.) gas condensate fields; and
- interests in the Orca (23.4685 per cent.), Caister (40 per cent.) and Ravenspurn North (28.745 per cent.) gas fields,

together with associated property interests including pipelines, processing, and storage and office facilities. Following the transfer of the POUK Election Interests, POUK now holds a 100 per cent. legal and beneficial interest in the Huntington Field.

The pre-development assets comprised:

- a 50 per cent. operated interest in the Tolmount gas discovery; and
- interests in the Arran (5.12 per cent.) and Austen (25 per cent.) discoveries.

Other assets comprised:

- interests in a further 16 exploration licences in the UK (3 West of Shetland, 7 Central North Sea, 6 Southern North Sea), 13 of which are operated; plus a further licence in the process of being awarded;
- a 20 per cent. interest in the CMS infrastructure;
- a 30 per cent. interest in the ETS pipeline; and
- a 42.7 per cent. interest in the Minke field, which ceased production in 2011.

## **7.2 Wytch Farm Interests**

No contracts have been entered into (other than contracts entered into in the ordinary course of business) by, or on behalf of, the Wytch Farm Interests either: (i) within the period of two years immediately preceding the date of this document, which are or may be material to the Wytch Farm Interests; or (ii) at any time, which contain any provisions pursuant to which the Wytch Farm Interests has any obligation or entitlement which is, or may be, material to the Wytch Farm Interests as at the date of this document, save as disclosed below.

### *Acquisition by Premier of an additional 3.71 per cent. interest in Wytch Farm from Maersk*

On 30 June 2017, Premier entered into a sale and purchase agreement with Maersk and Perenco pursuant to which Premier acquired an additional 3.75 per cent. interest in licences PL089 and P534 from Maersk (representing an additional 3.71 per cent. interest in Wytch Farm) for a base purchase price of £11.7 million, subject to certain completion adjustments, giving a final purchase price of £7.3 million. The acquisition completed on 3 October 2017, taking Premier's total interest in Wytch Farm to 33.8 per cent.

## **8. Litigation and other proceedings**

### **8.1 The Continuing Group**

Other than as set out below, there have been and are no ongoing governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Premier is aware) during the 12 months preceding the date of this document which may have, or have had in the recent past, significant effects on the financial position or profitability of the Continuing Group.

### ***Indonesian branch profits tax repayment claim***

From 2011 the Indonesian Tax Authority has imposed a 20 per cent. branch profit tax rate to the Premier Group's operations in Indonesia. The Premier Group contests this imposition on the grounds that, under the Netherlands—Indonesia Tax Treaty, the Premier Group is entitled to a 10 per cent. branch profit tax rate. In accordance with due process in Indonesia, Premier has paid the additional tax of US\$135.7 million and is processing a claim for repayment using Indonesian tax dispute resolution and international tax treaty dispute procedures.

## **8.2 Wytch Farm Interests**

There have been and are no ongoing governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which Premier is aware) during the 12 months preceding the date of this document which may have, or have had in the recent past, significant effects on the financial position or profitability of the Wytch Farm Interests.

## **9. Working capital**

The Group is of the opinion that it does not have sufficient working capital for its present requirements, which is, for at least the next 12 months from the date of this document (“**Working Capital Period**”).

This would be the case regardless of whether or not the Disposal completes, as a result of a forecast breach of the Group's Net Leverage Ratio and Interest Cover Ratio Covenants in respect of the 12-month testing period ending on 30 September 2018 pursuant to its principal financing arrangements, based on the reasonable worst case scenario in the Group's working capital projections. But for such forecast breaches of the Financial Covenants, the Group would expect to have sufficient availability of liquidity throughout the Working Capital Period.

### *Timing*

A breach of the Net Leverage Ratio and/or Interest Cover Ratio Covenants in respect of the relevant testing period ending on 30 September 2018 would arise when Premier delivers to the relevant lenders a certificate of the relevant figures. The certificate must be delivered within 45 days of the period end. Any such breach would cause an event of default under the financing arrangements which contain these covenants, which could in turn trigger cross-defaults in the other financing arrangements of the Group. This could result in all of the Group's debt becoming immediately repayable in December 2018.

Whilst no breach of the Net Leverage Ratio Covenant is forecast to occur until the testing period ending on 30 September 2018, the headroom available under the Group's reasonable worst case scenario is limited in the testing period ending 30 June 2018.

### *Covenant Shortfall*

As described above, in the event of a covenant shortfall based on the reasonable worst case scenario in the Group's working capital projections, there is a risk that all of the Group's outstanding debt under the Group's financing arrangements would be accelerated such that the entirety of the Group's debt would immediately fall due. As at 30 September 2017, the amount outstanding under the Group's financing arrangements which could be required to be repaid following a breach of its financial covenants was US\$3.54 billion which includes issued letters of credit.

The Premier Group's Net Leverage Ratio Covenant requires that Covenanted Net Debt must be lower than 5.75 times EBITDA for the 12-month period ended 30 September 2018. The Group's Interest Cover Ratio Covenant requires that the Group maintains a ratio of EBITDA to interest of at least 2.3 to 1 for the 12-month period to 30 September 2018. In addition, the Premier Group's Net Debt Covenant requires that the Group's Covenanted Net Debt must not exceed US\$2.95 billion as at 31 December 2018.

Under the reasonable worst case scenario in the Group's working capital projections the Group is currently forecasting:

- In respect of the Net Leverage Ratio Covenant, a Covenanted Net Debt to EBITDA cover ratio of 6.6x times in respect of the financial covenant testing period ending 30 September 2018 (representing an EBITDA shortfall of US\$76 million).

- In respect of the Interest Cover Ratio Covenant, an EBITDA to net interest payable cover ratio of 2.1x times in respect of the financial covenant testing period ending 30 September 2018 (representing an EBITDA shortfall of US\$62 million).

In addition, under the reasonable worst case scenario the Group will breach its requirement to reduce Covenanted Net Debt to US\$2.95 billion or less by 31 December 2018, however, this is not forecast to arise within the Working Capital Period.

The reasonable worst case scenario assumes that the Group is not able to execute its business plan and contemplates an accumulation of downside sensitivities including an oil price assumption of US\$45/bbl in Q4 2017 and throughout 2018, production delivery below current forecasts and a two-month delay to the timing of first oil from the Catcher development beyond that currently expected.

#### *Action plan*

The possible breach of the Group's Net Leverage Ratio and its Interest Cover Ratio Covenants in respect of the testing period ending 30 September 2018 in the reasonable worst case scenario and of its Net Debt Covenant in respect of the relevant testing date of 31 December 2018 may be remedied by one or more of the following:

- the Group achieving production levels consistent with the base case forecast;
- the oil price remaining at or above the average observed over the last 12 months; and/or,
- the Group executing its business plan (including farm-outs and further disposals of assets).

The occurrence of one or more of the above events could generate additional EBITDA and a reduction in Covenanted Net Debt which would increase the likelihood of the Group being able to meet its Net Leverage Ratio and its Interest Cover Ratio Covenants when they are measured in respect of the testing period ending 30 September 2018 and its Net Debt Covenant when it is tested as at 31 December 2018. In the event of a breach of the Net Debt Covenant, a Supplementary PIK fee would also be added to the Group's Net Debt.

If the Group is able to execute its business plan (including farm-outs and disposals of assets) and oil prices remain at or above the average observed over the last 12 months, the Group would expect to reduce its Covenanted Net Debt to less than US\$2.95 billion by 31 December 2018. If, however, either the Group is not able to deliver its business plan or if the price of oil falls below the average observed over the last 12 months, the Group may not be able to meet its Net Debt covenant.

The Premier Group continues to explore mitigating actions that could improve its forecast financial covenant position. The Disposal itself, if completed, is expected to have a material positive effect on the Premier Group's Covenanted Net Debt. At oil prices below the average observed over the last 12 months and at production levels below those currently being achieved from the Group's portfolio (as increased by forecast production from the Catcher field), however, the completion of the Disposal would be unlikely, in itself, to fully mitigate any potential shortfall for either the Net Leverage Ratio or the Interest Cover Ratio Covenants in respect of the testing period ending 30 September 2018. In the event that the reasonable worst case assumptions were being realised, the Group's management would explore actions to mitigate the risk of a covenant breach in a downside scenario including the following:

- entering into additional commodity hedging contracts and forward oil or gas sales;
- portfolio management of non-core assets, monetising discovered resources as part of the Group's existing strategy;
- waivers and/or amendments to financial covenants with the Group's lenders; and
- management of working capital payments and receipts with third parties.

The Premier Group's management reasonably expect that certain of the key mitigating actions outlined above can be completed by the time the Net Leverage Ratio and its Interest Cover Ratio Covenants are measured for the testing period ending 30 September 2018. Note, however, that as certain of these actions would require the approval of the Group's lenders and other third parties, they are therefore outside of the control of management.

#### *Implications*

If a breach of either the Net Leverage Ratio or the Interest Cover Ratio Covenant or of the Net Debt Covenant were to occur, and the Group were unable to negotiate amendments or waivers to its financial covenants, the Group might have to enter into insolvency proceedings and counterparties to material contracts would seek to exercise termination rights under those contracts. In such circumstances, the ability of the Group to continue

trading would depend upon the Group being able to negotiate an alternative refinancing proposal with its creditors and, if necessary, that proposal being approved by Shareholders. Whilst the Board would seek to negotiate such an alternative refinancing proposal with its creditors, there is no certainty that the creditors would engage with the Board in those circumstances. There would therefore be a significant risk of the Group entering into insolvency proceedings, which the Directors consider would likely result in limited or no value being returned to Shareholders.

## **10. Significant change**

### **10.1 The Continuing Group**

Other than as set out below, there has been no significant change in the financial or trading position of the Continuing Group since 30 June 2017, the date to which the last published half year results of the Group were prepared.

#### ***Significant discovery by Zama-1 offshore Mexico***

On 12 July 2017, Premier announced that the Zama-1 exploration well in Block 7, offshore Mexico, had made a world class oil discovery. Premier holds a 25 per cent. interest in the block. Preliminary analysis indicates initial gross original oil in place estimates for the Zama-1 well are in excess of 1 billion barrels (which could extend into a neighbouring block) and the existence of a contiguous gross oil bearing interval of over 335 metres (1,100 feet), with up to 200 metres (650 feet) of net oil bearing reservoir in Upper Miocene sandstones with no water contact.

#### ***Completion of Refinancing***

On 28 July 2017 and following extensive negotiations with a number of the Group's creditors, the Premier Group completed a major refinancing of its debt and capital structure (as more particularly described in the summary of the "Restructuring Implementation Deed" in section 7.1 of this Part VI). Highlights included:

- the preservation of existing debt facilities;
- the resetting of financial covenant headroom;
- the extension of maturities to 2021 and beyond;
- the issue of 71,012,952 equity warrants and 21,375,852 synthetic warrants to private lenders and retail bondholders; and
- the issue of 18,097,019 equity warrants to convertible bondholders.

### **10.2 Wytch Farm Interests**

There has been no significant change in the financial or trading position of the Wytch Farm Interests since 30 June 2017, the date to which the historical financial information relating to the Wytch Farm Interests in Part IV was prepared.

## **11. Consents**

11.1 RBC Europe Limited has given and not withdrawn its written consent to the references in this document to its name in the form and context in which they appear.

11.2 Deloitte LLP has given and not withdrawn its written consent to the inclusion in this document of its report on the pro forma financial information in Part V in the form and context in which it is included.

## **12. Documents available for inspection**

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Premier, 23 Lower Belgrave Street, London SW1W 0NR up to and including the date of the General Meeting and for the duration of the General Meeting:

- (A) the Articles of Association;
- (B) the audited consolidated accounts of the Premier Group for each of the periods ended 31 December 2016, 31 December 2015 and 31 December 2014;

- (C) the unaudited consolidated accounts of the Premier Group for the six months ended 30 June 2017;
- (D) the report from Deloitte LLP set out in Part V of this document;
- (E) the written consents referred to in paragraph 11 above;
- (F) a copy of the Sale and Purchase Agreement; and
- (G) a copy of this document and the Form of Proxy.

## PART VII—DOCUMENTS INCORPORATED BY REFERENCE

The table below sets out the various information incorporated by reference into this document, so as to provide the information required pursuant to the Listing Rules. These documents are also available at [www.premier-oil.com](http://www.premier-oil.com).

Document	Information incorporated by reference	Page number in this document
<b>Premier 2017 Half Year Results Statement . . . . .</b>	<b>Unaudited consolidated financial information</b>	<b>18</b>
<b>Premier 2016 Annual Report . .</b>	<b>Details of executive Directors' service contracts and non-executive Directors' letters of appointment providing for benefits upon termination of employment (pages 103-105)</b>	<b>20</b>
	<b>Details of the Directors' interests in equity pool points and share awards under the LTIP Scheme, share awards under the Deferred Bonus Share Plan, share options under the SAYE Plan 2009 and share allocations under the Share Incentive Plan for the financial year ended 31 December 2016 (pages 120-121)</b>	<b>21</b>
	<b>Details of related party transactions that Premier has entered into for the financial year ended 31 December 2016 (page 168)</b>	<b>23</b>
<b>Premier 2015 Annual Report . .</b>	<b>Details of related party transactions that Premier has entered into for the financial year ended 31 December 2015 (page 162)</b>	<b>23</b>
<b>Premier 2014 Annual Report . .</b>	<b>Details of related party transactions that Premier has entered into for the financial year ended 31 December 2014 (page 168)</b>	<b>23</b>

The documents incorporated by reference in this document have been incorporated in compliance with Listing Rules 13.1.6R. The information set out above is incorporated by reference in this document and forms part of this document, and is available as indicated. Information that is itself incorporated by reference or cross-referred to in these documents is not incorporated by reference into this document. Except as set out above, no other portions of these documents are incorporated by reference into this document.

## PART VIII—DEFINITIONS

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

<b>Accounting Net Debt</b> . . . . .	means the net debt of the Group as calculated in accordance with the accounting policies and procedures used for the preparation of its annual accounts and financial statements.
<b>Articles of Association or Articles</b> . . . . .	means the articles of association of Premier as adopted from time to time.
<b>bbl</b> . . . . .	means the unit of measurement for crude and petroleum products known as a barrel.
<b>Board or Board of Directors</b> . . . . .	means the board of directors of Premier.
<b>boe</b> . . . . .	means barrels of oil equivalent.
<b>Catcher</b> . . . . .	means any working or participating interest of any member of the Group in the hydrocarbon accumulation commonly known as Catcher field which underlies Block 28/9a of the UK Continental Shelf pursuant to licence P1430, the Burgman Field and the Varadero Field.
<b>Chairman</b> . . . . .	means the Chairman of the Board of Directors.
<b>Circular</b> . . . . .	means this shareholder circular dated 21 November 2017.
<b>Companies Act</b> . . . . .	means the Companies Act of England and Wales 2006, as amended from time to time.
<b>Completion</b> . . . . .	means the completion of the Disposal in accordance with the terms of, and subject to the conditions set out in, the Sale and Purchase Agreement.
<b>Consideration</b> . . . . .	has the meaning given to it in section 1.2 of Part III of this Circular
<b>Continuing Group</b> . . . . .	means the Group, with effect from Completion.
<b>Convertible Bondholder Lock-up Agreement</b> . . . . .	has the meaning given to it in section 7.1 of Part VI of the Circular.
<b>Convertible Warrant Instrument</b> . . . . .	has the meaning given to it in section 7.1 of Part VI of the Circular.
<b>Covenanted Net Debt</b> . . . . .	means Accounting Net Debt as adjusted for certain items, of which the most significant are issued letters of credit, partners' shares of gross joint venture cash balances and cash which is otherwise included on the Group's balance sheet but is not held for the Group's beneficial interest.
<b>CREST</b> . . . . .	means the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland Limited is the operator (as defined in the CREST Regulations).
<b>CREST Manual</b> . . . . .	means the document entitled "CREST Manual" issued by Euroclear UK & Ireland Limited.
<b>CREST Proxy Instruction</b> . . . . .	has the meaning given in the "Notes" to the Notice.
<b>CREST Regulations</b> . . . . .	means the Companies Act 1990 (Uncertificated Securities) Regulations 1996 (S.I. No 68/1996) and the Uncertificated Securities Regulations 2001 (SI No. 2001/3755), including any modifications thereof or any regulations in substitution therefor and for the time being in force.
<b>Directors</b> . . . . .	means the directors of Premier whose names appear on page 4 of this document.
<b>Disclosure Guidance and Transparency Rules</b> . . . . .	means the disclosure guidance and transparency rules made by the FCA under section 73A of FSMA.

<b>Disposal</b> . . . . .	the proposed disposal of the Wytch Farm Interests by the Seller to Perenco pursuant to the terms of the Sale and Purchase Agreement.
<b>EBITDA</b> . . . . .	means the measure of the Group's earnings before interest, tax, depreciation and amortisation.
<b>EBITDAX</b> . . . . .	means the measure of the Group's earnings before interest, tax, depreciation, amortisation and exploration expenses.
<b>Economic Date</b> . . . . .	has the meaning given to it in section 1.1 of Part III of this Circular.
<b>Electronic Proxy Appointment</b> . . . . .	means the electronic proxy appointment facility provided by CREST.
<b>Equity Warrant Instrument</b> . . . . .	has the meaning given to it in section 7.1 of Part VI of the Circular.
<b>Euroclear</b> . . . . .	means Euroclear Bank S.A./N.V.
<b>Existing Bilateral LC Agreement</b> . . . . .	has the meaning given to it in section 7.1 of Part VI of the Circular.
<b>FCA</b> . . . . .	means the Financial Conduct Authority of the United Kingdom.
<b>Financial Covenants</b> . . . . .	means the Net Leverage Ratio Covenant, the Interest Cover Ratio Covenant and the Net Debt Covenant.
<b>Form of Proxy</b> . . . . .	means the form of proxy for use at the General Meeting which accompanies this document.
<b>FSMA</b> . . . . .	means the Financial Services and Markets Act 2000, as amended from time to time.
<b>General Meeting</b> . . . . .	means the general meeting of Premier to be convened pursuant to the notice set out at the end of this Circular (including any adjournment thereof).
<b>Group or Premier Group</b> . . . . .	means Premier together with and its subsidiaries and subsidiary undertakings from time to time.
<b>Hedging Lock-up Agreement</b> . . . . .	has the meaning given to it in section 7.1 of Part VI of the Circular.
<b>Interest Cover Ratio Covenant</b> . . . . .	means a financial covenant in the Group's principal financing arrangements requiring that its ratio of EBITDA to interest must increase from 1.5:1 for testing periods falling in 2017, to 1.6:1 on 31 March 2018, 1.9:1 on 30 June 2018, 2.3:1 on 30 September 2018, 2.6:1 on 31 December 2018 and 3:1 from 31 March 2019 onwards.
<b>Joint Venture Operating Agreements</b> . . . . .	means a joint venture operating agreement for licence PL089 entered into between Premier, Perenco, Maersk, Ithaca Energy (UK) Limited and Repsol Sinopec North Sea Limited dated 17 May 1984 (as amended, restated, supplemented and/or novated from time to time) and a joint venture operating agreement for licence P534 entered into between Premier, Perenco, Maersk, Ithaca Energy (UK) Limited and Repsol Sinopec North Sea Limited dated 17 May 1984 (as amended, restated, supplemented and/or novated from time to time).
<b>kboepd</b> . . . . .	means thousand barrels of oil equivalent per day.
<b>Latest Practicable Date</b> . . . . .	means 17 November 2017, being the latest practicable date prior to the publication of this Circular.
<b>Liability</b> . . . . .	means any debt, liability or obligation of a person whether it is present, future, prospective or contingent, whether or not it is fixed or undetermined, whether or not it involves the payment of money or performance of an act or obligation and whether it arises at common law, in equity or by statute, under the laws of

Scotland, England and Wales or any other jurisdiction, or in any manner whatsoever.

<b>LIBOR</b> . . . . .	means the London Interbank Offered Rate.
<b>Listing Rules</b> . . . . .	means the listing rules made by the FCA under section 73A of FSMA
<b>London Stock Exchange</b> . . . . .	means London Stock Exchange plc or its successor(s).
<b>Long Stop Date</b> . . . . .	means 19 May 2018.
<b>Maersk</b> . . . . .	means Maersk Oil North Sea UK Limited.
<b>Maersk Completion</b> . . . . .	means the acquisition, completed 3 October 2017, of an additional 3.75 per cent. interest in licences PL089 and PL534, representing an additional 3.71 per cent. interest in Wytch Farm, in Wytch Farm from Maersk.
<b>Market Abuse Regulation</b> . . . . .	means Regulation (EU) no 596/2014.
<b>mmboe</b> . . . . .	means million barrels of oil equivalent.
<b>Net Debt Covenant</b> . . . . .	means a financial covenant in the Group's principal financing arrangements requiring that its Covenanted Net Debt must not exceed US\$2.95 billion as at 31 December 2018.
<b>Net Disposal Proceeds</b> . . . . .	has the meaning given to it in section 1 of Part I of this Circular.
<b>Net Leverage Ratio</b>	
<b>Covenant</b> . . . . .	means a financial covenant in the Group's principal financing arrangements requiring that its ratio of Covenanted Net Debt to EBITDA must be no more than 8.5:1 for each testing period on or before 31 December 2017, reducing quarterly to 8.25:1 on 31 March 2018, 7:1 on 30 June 2018, 5.75:1 on 30 September 2018 and 5:1 on 31 December 2018, before returning to 3:1 from 31 March 2019 onwards.
<b>Notice</b> . . . . .	means the notice of the General Meeting contained in this Circular.
<b>Oil and Gas Authority</b> . . . . .	means the Oil and Gas Authority of the United Kingdom and its predecessors and successors as the entity responsible for the functions in relation to the licences for which the Oil and Gas Authority is currently responsible.
<b>Ordinary Shares</b> . . . . .	means ordinary shares with a nominal value of 12.5 pence each in the capital of Premier.
<b>Perenco</b> . . . . .	means Perenco UK Limited, a company incorporated in England (registered number 04653066) and whose registered office is at 8 Hanover Square, London, England, W1S 1HQ.
<b>POUK or Seller</b> . . . . .	means Premier Oil UK Limited, a company incorporated in Scotland (registered number SC048705) and whose registered office is at 4 <sup>th</sup> Floor, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN.
<b>PRA</b> . . . . .	means the Prudential Regulatory Authority of the United Kingdom.
<b>Premier</b> . . . . .	means Premier Oil plc, a company incorporated in Scotland with registered number SC234781 and with its registered office at 4th floor, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN.
<b>Pro Forma Financial</b>	
<b>Information</b> . . . . .	has the meaning given to it in Part V of this Circular.
<b>Prospectus Directive</b>	
<b>Regulation</b> . . . . .	has the meaning given to it in Part V of this Circular.
<b>Prospectus Rules</b> . . . . .	means the prospectus rules made under Part VI of the FSMA (as set out in the FCA handbook), as amended from time to time.
<b>Purchaser PCG</b> . . . . .	has the meaning given to it in section 1.7 of Part III of this Circular.

<b>RBC or RBC Capital</b>	
<b>Markets</b> . . . . .	means RBC Europe Limited, of Riverbank House, 2 Swan Lane, London, EC4R 3BF
<b>Refinancing</b> . . . . .	has the meaning given to it in section 7.1 of Part VI of this Circular.
<b>Registrar</b> . . . . .	means Link Asset Services.
<b>Restructuring</b>	
<b>Implementation Deed</b> . .	has the meaning given to it in section 7.1 of Part VI of this Circular.
<b>Sale and Purchase</b>	
<b>Agreement</b> . . . . .	has the meaning given to it in section 1.1 of Part III of this Circular.
<b>Sea Lion</b> . . . . .	means the Sea Lion field.
<b>Senior Lock-up Agreement</b>	has the meaning given to it in section 7.1 of Part VI of this Circular.
<b>Senior Synthetic Warrant</b>	
<b>Instrument</b> . . . . .	has the meaning given to it in section 7.1 of Part VI of this Circular.
<b>Shareholder Resolution</b> . .	means the ordinary resolution to be proposed and considered at the General Meeting to approve the Disposal, as set out in the Notice of General Meeting forming part of this Circular.
<b>Shareholders</b> . . . . .	means the shareholders of Premier.
<b>Super Senior Synthetic</b>	
<b>Warrant Instrument</b> . . .	has the meaning given to it in section 7.1 of Part VI of this Circular.
<b>UK Listing Authority or</b>	
<b>UKLA</b> . . . . .	means the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA.
<b>UK or United Kingdom</b> . .	means the United Kingdom of Great Britain and Northern Ireland.
<b>United States</b> . . . . .	means the United States of America.
<b>Verus</b> . . . . .	means Verus Petroleum (SNS) Limited.
<b>Working Capital Period</b> . .	has the meaning given to it in Part VI of this Circular.
<b>Wytch Farm</b> . . . . .	means the Wytch Farm onshore oil field in Dorset, United Kingdom, in which the Seller currently holds a 33.8 per cent. interest pursuant to the Wytch Farm Interests.
<b>Wytch Farm Interests</b> . . .	means the Seller's entire 34.1 per cent. interest in the licences PL089 and P534, representing a 33.8 per cent. interest in Wytch Farm, following the Maersk Completion (including the additional 3.75 per cent. interest in licences PL089 and P534, representing an additional 3.71 per cent. interest in Wytch Farm, acquired from Maersk in June 2017).
<b>Wytch Farm Pre-Existing</b>	
<b>Interests</b> . . . . .	means the Seller's entire 30.4 per cent. interest in the licences PL089 and P534, representing a 30.1 per cent. interest in Wytch Farm, prior to the Maersk Completion (excluding the additional 3.75 per cent. interest in licences PL089 and P534, representing an additional 3.71 per cent. interest in Wytch Farm, acquired from Maersk in June 2017).

## NOTICE OF GENERAL MEETING

### PREMIER OIL PLC

(Registered in Scotland with registered number SC234781)

NOTICE IS HEREBY GIVEN that a General Meeting of Premier Oil plc (the “**Company**”) will be held at 23 Lower Belgrave Street, London SW1W 0NR on Thursday 7 December 2017 at 9:30 a.m. for the purposes of considering and, if thought fit, passing the resolution set out below which will be proposed as an ordinary resolution of the Company (meaning that, to be passed, more than half the votes cast must be in favour of it). Words and expressions defined in the circular of the Company dated 21 November 2017 (a copy of which has been produced to the meeting and initialled by the chairman of the meeting for the purpose of identification only) (the “**Circular**”) shall, unless otherwise defined herein, have the same meaning in this Notice:

**THAT** the proposed disposal of the Wytch Farm Interests on the terms, and subject to the conditions, of the sale and purchase agreement between (i) Premier Oil UK Limited and (ii) Perenco UK Limited dated 20 November 2017 and all agreements entered into pursuant to or in connection with such disposal (the “**Disposal**”), as summarised in the circular to shareholders dated 21 November 2017 of which this Notice forms part, with such modifications (if any) as may be made in the manner specified below, be and is hereby approved and the directors of the Company and its subsidiaries be and are hereby authorised to:

- (A) take (or procure the taking of) all such steps, execute (or procure the execution of) all such agreements and make (or procure the making of) all such arrangements as may seem to them necessary, desirable, expedient or appropriate for the purpose of giving effect to, or otherwise in connection with, the Disposal; and
- (B) agree and make (or procure the agreeing and making of) such modifications, variations, revisions, waivers or amendments in relation to any of the foregoing (provided that such modifications, variations, revisions, waivers or amendments are not material) as they may in their absolute discretion deem necessary, desirable, expedient or appropriate.

By order of the Board

**Andy Gibb**  
*Interim Company Secretary*  
21 November 2017

*Registered Office*  
**4th Floor, Saltire Court**  
**20 Castle Terrace**  
**Edinburgh EH1 2EN**

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#### Notes:

##### **Attending the General Meeting and asking questions**

To be entitled to attend and vote at the General Meeting (the “**Meeting**”) (and for the purpose of the determination by the Company of the votes that may cast), shareholders must be registered in the Register of Members of the Company at close of business on Tuesday 5 December 2017 (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 of Association 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 Shareholder Resolution. Where a proxy has been appointed by a member, if such member does not give any instructions in relation to that Shareholder Resolution that member should note that their proxy will have authority to vote on the Shareholder 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 UK (calls cost 12p per minute plus network extras) or +44 (0)371 664 0300 if calling from outside the UK. Lines are open between 9.00am and 5.30pm, Monday to Friday.

To be valid, forms of proxy must be lodged by one of the following methods by 9:30 a.m. on Tuesday 5 December 2017:

- in hard copy form by post to the Registrar at Link Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU; 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 to members at [www.euroclear.com](http://www.euroclear.com)). 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 9:30 a.m. on Tuesday 5 December 2017. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp 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.

The statement of the rights of shareholders in relation to the appointment of proxies described above does not, however, 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.

**Share capital**

As at 20 November 2017 (being the last business date prior to the publication of this notice) the Company's issued ordinary share capital consisted of 522,130,660 Ordinary Shares, carrying one vote each. Therefore the total voting rights in the Company as at 20 November 2017 were 522,130,660.

**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 including VAT plus network extras, lines are open 9.00am to 5.30pm, Monday to Friday) or from outside of the United Kingdom: +44 (0)371 664 0300. You may not use any electronic address provided either (a) in this notice, 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.

If you would like to request a copy of this notice in an alternative format such as in large print or audio, please contact Premier's Registrar, Link Asset Services, on 0871 664 0300 (calls cost 12p per minute including VAT plus network extras, lines are open 9.00am to 5.30pm, Monday to Friday) or from outside of the United Kingdom: +44 (0)371 664 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).

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