

# NOTICE OF AGM

## STERLING ENERGY PLC

*(Incorporated in England and Wales with company number 01757721)*

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2018 Annual General Meeting of Sterling Energy plc (the “**Company**”) will be held at The Law Society, 113 Chancery Lane, London, WC2A 1PL on 25 April 2018 at 11 a.m. for the purpose of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 6 will be proposed as ordinary resolutions and resolutions 7 and 8 will be proposed as special resolutions.

### ORDINARY RESOLUTIONS

1. To receive and adopt the annual accounts for the financial year ended 31 December 2017 (the “**Accounts**”), together with the reports of the directors of the Company (the “**Directors**”), the report of the Audit Committee and the Independent Auditors’ Report thereon.
2. To approve the Audit Committee Report contained in the Accounts, for the financial year ended 31 December 2017.
3. To approve the Remuneration Committee Report contained in the Accounts, for the financial year ended 31 December 2017.
4. To re-appoint BDO LLP as auditors of the Company until the conclusion of the next Annual General Meeting of the Company.
5. To authorise the Directors to determine the remuneration of the Auditors.
6. THAT, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date of the passing of this Resolution, the Directors be and are hereby generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the “**Act**”) to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company on such terms and in such manner as they shall think fit:
  - 6.1. up to a maximum aggregate nominal amount of £7,335,117; and
  - 6.2. up to a further aggregate nominal amount of £7,335,117 in connection with an offer by way of a rights issue to ordinary shareholders in proportion (as nearly as may be) to their existing holdings, but subject to such exclusions or other arrangements in connection with the rights issue as the Directors deem necessary or expedient to deal with shares held in treasury, fractional entitlements to equity securities and to deal with any legal or practical problems or issues arising in any overseas territory or under the requirements of any regulatory body or stock exchange,provided that this authority shall, unless renewed, varied or revoked by the Company, expire 15 months from the date of passing of this resolution or, if earlier,

the date of the next Annual General Meeting of the Company, save that the Company may before such expiry make an offer or enter into an agreement which would or might require shares to be allotted, or rights to subscribe for or to convert securities into shares to be granted, after such expiry and the Board may allot shares or grant such rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

### **SPECIAL RESOLUTIONS**

7. THAT, subject to the passing of Resolution 6 and in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date of the passing of this resolution, the Directors be and are hereby generally empowered pursuant to sections 570 and 573 of the Act to allot equity securities (within the meaning of section 560 of the Act) (including the grant of rights to subscribe for, or to convert any securities into equity securities) for cash either pursuant to the authority conferred on it by Resolution 6 or by way of a sale of treasury shares (within the meaning of section 560(3) of the Act) as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

- a. the allotment of equity securities for cash in connection with a rights issue, open offer or other pre-emptive offer to holders of Ordinary Shares on the register of members on a date fixed by the Board where the equity securities respectively attributable to the interests of all such holders of Ordinary Shares are proportionate (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them on that date (subject to such exclusions or other arrangements in connection with the rights issue, open offer or other pre-emptive offer as the Directors deem necessary or expedient to deal with shares held in treasury, fractional entitlements to equity securities and to deal with any legal or practical problems or issues arising in any overseas territory or under the requirements of any regulatory body or stock exchange); and
- b. the allotment (otherwise than pursuant to sub-paragraph (a) of this resolution) of equity securities up to a maximum aggregate nominal amount of £1,100,268;

provided that this authority shall, unless renewed, varied or revoked by the Company, expire 15 months from the date of passing of this resolution or, if earlier, the conclusion of the next Annual General Meeting of the Company, save that the Company may before such expiry make an offer or enter into an agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

8. THAT, the Company be and is hereby generally and unconditionally authorised for the purposes of Section 701 of the Act to make market purchases (within the

meaning of s.693 of the Act) of its ordinary shares of 10 pence each ('Ordinary Shares') provided that:

- a. The maximum number of Ordinary Shares authorised to be purchased is 22,005,352;
- b. The minimum price (exclusive of expenses) which may be paid for an Ordinary Share is 10 pence (being the nominal value of an Ordinary Share);
- c. The maximum price (exclusive of expenses) which may be paid for an Ordinary Share is the higher of:
  - (i) An amount equal to 105% of the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and
  - (ii) An amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share as derived from the London Stock Exchange Trading System (SETS); and
- d. This authority shall, unless previously renewed, revoked or varied, expire on the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling 18 months after the date of this resolution, except in relation to the purchase of Ordinary Shares the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry.

*Registered Office*

*By Order of the Board*

High Holborn House, 52-54 High Holborn  
London WC1V 6RL

Barbara Spurrier  
Company Secretary

27 March 2018

## **Explanatory Notes to the Resolutions**

The following explanatory information is provided by way of background to the business of the meeting:

### **Resolution 1**

The Directors have a duty to present (to shareholders in general meeting) the annual accounts together with the reports of the Directors and the report of the Audit Committee and the Independent Auditors' Report thereon.

### **Resolutions 2 and 3**

These resolutions are to approve the Audit Committee and Remuneration Committee Reports respectively for the financial year ended 31 December 2017. You can find the Audit Committee Report and the Remuneration Committee Report within the Company's Report and Financial Statements 2017.

### **Resolutions 4 and 5**

These are resolutions proposing the re-appointment of BDO LLP as the Company's auditor and authorising the Directors to determine BDO's remuneration.

### **Resolution 6**

Resolution 6 is to give authority to the Directors to allot shares. At last year's Annual General Meeting, the Company gave authority to the Directors to allot shares and other securities up to a specified amount. The Directors propose to seek shareholder approval for this authority to be renewed at this year's AGM. Resolution 6 will, if approved, renew the Directors' authority to allot shares until 15 months from the date of passing of this resolution or, if earlier, the date of the next Annual General Meeting of the Company. This authority is restricted to the allotment of shares having an aggregate nominal value of up to £7,335,117 representing approximately one-third of the Company's issued ordinary share capital as at 6 p.m. on 27 March 2018.

In line with guidance issued by the Investment Association paragraph 6.2 of resolution 6 will give the Directors the authority to allot shares in the Company and grant rights to subscribe for or convert any security into shares in the Company in connection with a rights issue up to an aggregate nominal value of a further £7,335,117 representing approximately a further one-third of the Company's issued ordinary share capital as at 6 p.m. on 27 March 2018.

The Company does not currently hold any shares in treasury. The extent of the authority follows the guidelines issued by institutional investors. There are no present plans to allot shares, other than in respect of employee share schemes.

### **Resolution 7**

Resolution 7 is to dis-apply pre-emption rights. Section 561 of the Act gives all shareholders the right to participate on a pro rata basis in all issues of equity securities for cash, unless

they agree that this right should be set aside. The effect of this resolution is to empower the Directors, until 15 months from the date of passing of this resolution or, if earlier, the date of the next Annual General Meeting of the Company, to allot equity securities for cash, without first offering them on a pro rata basis to existing shareholders, but only up to a maximum nominal amount of £1,100,267 representing approximately 5% of the Company's issued ordinary share capital as at 6 p.m. on 27 March 2018. In addition, the resolution empowers the Directors to deal with fractional entitlements and any practical problems arising in any overseas territory on any offer made on a pro rata basis. The Directors consider that it is appropriate for this authority and these powers to be granted to preserve maximum flexibility for the future.

### **Resolution 8**

This resolution authorises the Board to make market purchases of up to 22,005,352 Ordinary Shares (representing approximately 10% of the Company's issued Ordinary Shares as at 27 March 2018, being the latest practicable date before publication of this notice). Shares so purchased may be cancelled or held as treasury shares. The authority will expire at the end of the next Annual General Meeting of the Company or 18 months from the passing of the resolution, whichever is the earlier.

The minimum price that can be paid for an Ordinary Share is 10p, being the nominal value of an Ordinary Share. The maximum price that can be paid is 5% over the average of the middle market prices for an Ordinary Share derived from the AIM Index of the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased OR the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share as derived from the London Stock Exchange Trading System (SETS).

The Directors intend to exercise this right only when, in light of the market conditions prevailing at the time and taking into account all relevant factors, (for example, the effect on any earnings per share), they believe that such purchases are in the best interests of the Company and shareholders generally. The overall position of the Company will be taken into account before deciding upon this course of action. The decision as to whether any such shares bought back will be cancelled or held in treasury will be made by the directors on the same basis at the time of the purchase.

The Directors do not have any present intention of exercising the authorities conferred by this resolution but they consider it desirable that the authorities are in place so that they can more readily take advantage of any possible opportunities.

### **Recommendation**

Your Directors believe that all the proposed resolutions to be considered at the 2018 Annual General Meeting as set out in this document are in the best interests of the Company and its shareholders as a whole. Accordingly, your Directors unanimously recommend that you vote in favour of them as they intend to do in respect of their own beneficial holdings.

**Notes:**

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered on the Company's register of members as at close of business on the 23 April 2018 shall be entitled to attend and vote at the 2018 Annual General Meeting.
2. If you are a shareholder of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend and vote at the 2018 Annual General Meeting and you should have received a Form of Proxy with this notice. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy. Completion and return of a Form of Proxy does not preclude a member from attending and voting at the meeting in person should he or she wish.
3. A proxy does not need to be a member of the Company but must attend the 2018 Annual General Meeting to represent you. Details of how to appoint the Chairman of the 2018 Annual General Meeting or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company's registrars at the address set out in note 5.
5. The notes to the Form of Proxy explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the Form of Proxy, the form must be:

- (a) completed and signed;
  - (b) sent or delivered to Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU; and
  - (c) received by Link Asset Services by 11 a.m. on 23 April 2018, being no later than 48 hours before the commencement of the 2018 Annual General Meeting (excluding any part of the day that is not a working day).
6. In the case of a shareholder which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.
  7. 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).
  8. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number RA10) not later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
  9. As at 6 p.m. on the day immediately prior to the date of posting of this AGM Notice, the Company's issued ordinary share capital comprised 220,053,520 ordinary shares of 10p each ("Ordinary Shares"). Each Ordinary Share carries the right to one vote at an Annual General Meeting of the Company and, therefore, the total number of voting rights in the Company as at 6 p.m. on the day immediately prior to the date of posting of this AGM Notice is 220,053,520.