

## Notice of the 2021 Annual General Meeting of Pharos Energy

to be held on  
8 June 2021 at 11.00 a.m.

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

If you are in any doubt as to what action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your shares in Pharos Energy plc, please pass this document together with the accompanying documents as soon as possible to the purchaser or transferee, or to the agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.



# PHAROS

E N E R G Y

Registered Office  
Eastcastle House  
27/28 Eastcastle Street  
London  
W1W 8DH  
United Kingdom

Incorporated in England and Wales. Registered No. 3300821

**Directors:**

**John E Martin** (Non-Executive Chair)  
**Edward T Story** (President and CEO)  
**Janice M Brown** (Managing Director and Chief Financial Officer)  
**Dr Michael J Watts** (Managing Director)  
**Robert G Gray** (Deputy Chair and Senior Independent Director)  
**Marianne Daryabegui** (Non-Executive Director)  
**Geoffrey Green** (Non-Executive Director)  
**Lisa Mitchell** (Non-Executive Director)

30 April 2021

Dear Shareholder,

**Annual General Meeting (“AGM”)**

**8 June 2021 at 11.00 a.m.**

The Board has been considering how to deal with the impact of the COVID-19 pandemic on arrangements for the 2021 AGM. Our preference would have been to welcome shareholders in person to our 2021 AGM, particularly given the constraints we faced in 2020 and, following the UK Government’s announcement on 22 February 2021, setting out its “roadmap out of lockdown”, it appears that from 17 May 2021 legal restrictions on public gatherings under the Health Protection (Coronavirus Restrictions) (Steps) (England) Regulations 2021 (‘the Coronavirus Restrictions’) will be lifted to a certain extent. However, there will still be a limit on the number of individuals and households permitted to gather indoors and, due to the continued unpredictability caused by the COVID-19 pandemic and the uncertainty relating to the lifting of the Coronavirus Restrictions, we are strongly discouraging shareholders from attending the Annual General Meeting in person. We will ensure that the minimum quorum is met (as detailed below) and shareholders can be represented by the Chair of the meeting, acting as their proxy.

The health and wellbeing of our employees, shareholders and wider community is a priority for Pharos and our AGM arrangements must take this into account. The Board recognises that the AGM is an important event for shareholders in the corporate calendar and is committed to ensuring that shareholders can exercise their right to vote and ask questions in connection with this meeting.

In light of the Coronavirus Restrictions, the AGM arrangements will be as set out below:

- We expect only one Director and another Pharos designated shareholder representative to be in attendance at the venue for quorum purposes to conduct the business of the meeting.
- No other Directors will be present in person.
- In line with the Coronavirus Restrictions, shareholders are strongly discouraged from attending the Company’s AGM in person and, if they attempt to do so, may be refused entry to the meeting under the Company’s Articles of Association.
- There will be no update on trading or other management statements given at the AGM although a trading and operations update will be published on the Company’s website around one week before the AGM.
- We encourage shareholders to submit questions about the business of the meeting in advance of the meeting by email to [info@pharos.energy](mailto:info@pharos.energy) and in so far as relevant to the business of the meeting questions will be responded to by email and taken into account as appropriate at the meeting itself.
- Voting at the AGM will be carried out by way of a poll so that the votes cast in advance and the votes of all shareholders appointing the Chair of the Meeting as their proxy to vote on their behalf can be taken into account.
- The results of the AGM will be announced as soon as practical after it has taken place.

**We trust shareholders will understand and co-operate with these arrangements. We intend to revert to our normal format of AGM in 2022.**

**Action to be Taken**

Shareholders wishing to vote on any of the matters of business at the AGM are therefore strongly encouraged to:

1. Submit their votes (as soon as possible) in advance of the meeting through the proxy and electronic voting facilities and to appoint the Chair of the meeting as their proxy for this purpose.
2. Submit any questions in connection with the business of the meeting in advance to [info@pharos.energy](mailto:info@pharos.energy).
3. Look out for any updates in connection with the arrangements for the AGM via RNS and on the Company's website.

**Shareholder voting**

A Form of Proxy for use by shareholders in connection with the AGM is enclosed. You are requested to complete and return the Form of Proxy in accordance with its instructions so that it arrives no later than 11.00 a.m. on 4 June 2021. Shareholders can also use the online voting and proxy appointment facility as detailed below.

Members may register their proxy appointments or vote electronically via the [www.sharevote.co.uk](http://www.sharevote.co.uk) website, where full details of the procedure are given. Members will need the Voting ID, Task ID and Shareholder Reference Number set out on the Form of Proxy. Alternatively, if members are registered with the Equiniti online portfolio service 'Shareview.co.uk', they can vote by logging on with their usual user ID and password.

Once logged in simply click "View" on the "My Investments" page, click on the link to vote then follow the on-screen instructions. Members are advised to read the terms and conditions of use carefully.

Electronic communication facilities are available to all shareholders and those who use them will not be disadvantaged. The Company will not accept any communication that is found to contain a computer virus.

The Notice of Meeting follows in Appendix III to this letter and sets out the business to be transacted. An explanation of each of the resolutions also follows in Appendix I to this letter. Accompanying this letter is a copy of the Company's Annual Report and Accounts for the year ended 31 December 2020.

**Recommendation**

Your Directors consider that the proposals outlined are in the best interests of the Company and its shareholders as a whole. Accordingly, your Directors recommend that you vote in favour of the resolutions to be proposed at the AGM, as they intend to do so in respect of their own beneficial holdings, which amount to 17,969,267 ordinary shares representing approximately 4.06% of the current issued ordinary share capital of the Company (excluding treasury shares) on the date of this letter. In making their recommendation, each Director being proposed for re-election abstains in relation to the resolution for their own re-election.

Yours sincerely,



**John Martin**  
Chair

## Explanation of the resolutions to be proposed at the Annual General Meeting ('AGM')

**a. Resolution 1: To Receive the Annual Report and Accounts**

This resolution is to receive the Annual Report and Accounts for the year ended 31 December 2020 including the Strategic, Directors' and Auditor's Reports and the Directors' Remuneration Report ('the Report and Accounts'), accompanying this circular to shareholders.

**b. Resolution 2: Approval of the Directors' Remuneration Report**

This resolution seeks, in accordance with section 439 of the Act, shareholder approval for the Directors' Remuneration Report (excluding the part containing the summary of the Directors' Remuneration Policy), which can be found on pages 87 to 104 (inclusive) of the Report and Accounts. The Directors' Remuneration Report gives details of the implementation of the Company's current Remuneration Policy for the Directors in connection with their performance and that of the Company during the year ended 31 December 2020. This vote is advisory and will not affect the way in which the pay policy has been implemented and the Directors' entitlements to remuneration are not conditional upon the resolution being passed.

The Directors' Remuneration Policy summarised on pages 89 to 94 (inclusive) of the Report and Accounts was approved at the AGM in 2020 and remains in effect for three years from this date before it must be put back to shareholders. Accordingly, the Company will be required to propose a resolution to approve the Directors' Remuneration Policy at the AGM in 2023.

The Company's Auditor during the year, Deloitte LLP, have audited those parts of the Directors' Remuneration Report required to be audited and their report may be found on pages 110 to 118 of the Report and Accounts.

**c. Resolutions 3, 4, 5, 6, 7, 8, 9, and 10: Reappointment of Directors**

Resolutions 3-9 are for the reappointment as Directors of John Martin, Ed Story, Jann Brown, Mike Watts, Rob Gray, Marianne Daryabegui and Lisa Mitchell who retire at this AGM as explained on page 80 of the Report and Accounts, and are being proposed for reappointment.

Resolution 10 is for the reappointment of Geoffrey Green who was appointed to the Board since the last AGM in 2020. Accordingly, he submits himself for reappointment by shareholders for the first time, in accordance with the Articles of Association.

The reappointment of each Director who served during 2020 is recommended by the Board in consideration of the results of their individual performance evaluation and demonstration of their continued commitment and effectiveness as confirmed by the Chair in respect of the Non-Executive Directors and by the Senior Independent Director in respect of the Chair. The Board also recommends the reappointment of Geoffrey Green taking into account his many years of legal and commercial experience in advising major UK listed companies on corporate governance issues, mergers and acquisition and corporate finance. Biographical details of all Directors are set out on pages 69 to 70 of the Report and Accounts.

**d. Resolution 11: Reappointment of Auditor**

The Act requires that auditors be appointed at each general meeting at which accounts are laid to hold office until the next such meeting. The appointment of Deloitte LLP as Auditor of the Company terminates at the conclusion of the AGM. This is a resolution to reappoint Deloitte LLP as Auditor of the Company to hold office from the conclusion of this AGM until the conclusion of the next AGM at which accounts are laid before the Company. The Audit and Risk Committee keeps under review the independence and objectivity of the external auditors and further information can be found in the Report and Accounts on pages 85 to 86. After considering the relevant information, the Audit and Risk Committee has recommended to the Board that Deloitte LLP be reappointed as Auditor.

**e. Resolution 12: Auditor's Remuneration**

It is normal practice for shareholders to resolve at the AGM that the Directors decide on the level of remuneration of the Auditor for the audit work to be carried out by them in the next financial year. The amount of the remuneration paid to the Auditor for the next financial year will be disclosed in the next audited accounts of the Company and this resolution proposes that such remuneration will be agreed by the Audit and Risk Committee on behalf of the Directors.

**f. Resolution 13: Directors' Authority to Allot Securities**

Your Directors may allot unissued shares, or grant rights to subscribe for or convert any security into shares in the Company, only if authorised to do so by shareholders. The Directors were so authorised at the Company's AGM in 2020, with such authorisation to expire at the conclusion of this AGM.

Resolution 13 will be proposed as an ordinary resolution to grant new authorities (in substitution for all existing authorities) to allot:

(a) shares, or grant rights to subscribe for or convert any security into shares, up to an aggregate nominal amount of £7,369,619 (representing 147,392,380 ordinary shares of £0.05 each), and (b) equity securities up to an aggregate nominal amount of £7,369,619 (representing 147,392,380 ordinary shares of £0.05 each), where the allotment is in connection with a rights issue.

In accordance with guidance issued by the Investment Association, these amounts in aggregate represent approximately two thirds of the issued ordinary share capital of the Company (excluding 9,122,268 treasury shares of £0.05 each which represent 2.06% of the issued ordinary share capital (excluding treasury shares)) as at 30 April 2021, the latest practicable date prior to the publication of this Notice of Meeting. Of this amount, £7,369,619 (representing approximately one third of the Company's issued ordinary share capital) can only be allotted pursuant to a rights issue. If granted, these authorities will expire at the AGM in 2022 (or, if earlier, at the close of business on 30 June 2022). The Directors have no present intention of issuing shares pursuant to this authority, except under Resolution 13(a) to satisfy the exercise of options under the Company's employee share option schemes, but the Directors wish to ensure that the Company has maximum flexibility in managing the Company's capital resources.

**g. Resolutions 14 and 15: Disapplication of Pre-Emption Rights**

Resolutions 14 and 15 seek to renew the existing authority from shareholders to allot equity securities and/or sell treasury shares where they propose to do so for cash and otherwise than to existing shareholders pro rata to their holdings. The Directors have no present intention to exercise this authority. However, the Directors consider it desirable to have the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing shareholders. In line with institutional shareholder guidance, in particular with the Pre-Emption Group's Statement of Principles, as updated in March 2015 (the 'Statement of Principles') and the publication of the Pre-Emption Group's monitoring report in May 2016, Resolutions 14 and 15 will be proposed as two separate special resolutions to grant such authority.

Resolution 14(b) allows the Directors to issue up to 22,108,840 ordinary shares of £0.05 each for cash without having first to offer the shares to existing shareholders. This number represents approximately 5% of the issued ordinary share capital of the Company (excluding treasury shares) as at 30 April 2021 (the latest practicable date prior to publication of this Notice of Meeting) and is in line with the Statement of Principles.

In exercising this power, the Directors intend to adhere to the provisions in the Statement of Principles and not to allot shares for cash on a non-pre-emptive basis pursuant to the authority in Resolution 14(b):

- In excess of an amount equal to 5% of the issued ordinary share capital of the Company (excluding treasury shares); or
- In excess of an amount equal to 7.5% of the issued ordinary share capital of the Company (excluding treasury shares) within a rolling three-year period, without prior consultation with shareholders.

Adherence to the Pre-Emption Group's Statement of Principles would not preclude issuances under the authority sought under Resolution 15.

Resolution 15 will give the Company authority to allot up to an additional 22,108,840 ordinary shares of £0.05 each for cash without having first to offer the shares to existing shareholders. This number represents approximately 5% of the issued ordinary share capital of the Company (excluding treasury shares) as at 30 April 2021 (the latest practicable date prior to publication of this Notice of Meeting).

The Directors confirm that, in accordance with the Statement of Principles, that to the extent that the authority in Resolution 15 is used for an issue of ordinary shares in excess of an amount equal to 5% of the issued ordinary share capital of the Company (excluding treasury shares), it is intended that it will only be used in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

Furthermore, if this authority is exercised, the Company will publish in the next Annual Report and Accounts:

- The actual level of discount achieved;
- The net proceeds raised;
- How those net proceeds were used; and
- The percentage increase in issued ordinary share capital due to non-pre-emptive issuance for cash over the three-year period preceding the issue.

If granted, the authorities contained in Resolutions 14 and 15 will expire at the conclusion of the AGM in 2022, (or, if earlier, at the close of business on 30 June 2022).

**h. Resolution 16: Authority for the Company to Buy Back Shares**

This resolution will give the Company authority to purchase its own shares in the market up to a limit of 10% of its issued ordinary share capital (excluding treasury shares) at 30 April 2021, the latest practicable date prior to the publication of this Notice of Meeting. The maximum and minimum prices are stated in the resolution.

Your Directors believe that it is advantageous for the Company to have this flexibility to make market purchases of its own shares. Your Directors have no present intention for the Company to exercise the authority granted by this resolution, and will exercise this authority only if they are satisfied that a purchase would result in an increase in expected earnings per share and would be in the interests of shareholders generally.

Shares purchased by the Company pursuant to this authority may be held in treasury or may be cancelled. The Company will consider holding repurchased shares pursuant to the authority as treasury shares. This would give the Company the ability to re-issue treasury shares quickly and cost effectively and would provide the Company with additional flexibility in the management of its capital base. Any issues of treasury shares for the purposes of the Company's employee share schemes will be made within the 10% anti-dilution limit set by the Investment Association.

As at 30 April 2021 (the last practicable date prior to publication of this Notice of Meeting), the total number of options over ordinary shares of £0.05 each that were outstanding under all of the Company's share option plans was 16,228,551, which if exercised would represent 3.67% of the Company's issued ordinary share capital at that date (excluding treasury shares). In practice 2,181,655 options would be satisfied by shares currently held, or purchased by, the employee benefit trust). If the Company were to purchase its own shares to the fullest possible extent of its authorities (both existing and being sought) from shareholders, this number of outstanding options could potentially represent 4.45% of the issued ordinary share capital of the Company (excluding treasury shares as at that date).

**i. Resolution 17: Extension of Pharos Energy plc Long-Term Incentive Plan**

This resolution seeks authority from shareholders to continue to operate the Pharos Energy plc Long-Term Incentive Plan (“the Plan”) for a period of ten years from the 2021 AGM. The Plan is a revised and updated version of the current plan that was adopted in 2011 and has been operated by the Company for the benefit of employees for many years.

A summary of the principal terms of the Plan is set out in Appendix II to this Notice of Meeting.

**j. Resolution 18: Notice Period for General Meetings**

Under the Act all listed company general meetings must be held on at least 21 clear days’ notice, but companies may reduce this period to 14 days (other than for AGMs) if shareholders agree to a shorter notice period and the company has met certain requirements for electronic voting. Resolution 18 is therefore being proposed as a special resolution to renew the authority granted by shareholders at last year’s AGM which permitted the Company to call general meetings, other than AGMs, on 14 clear days’ notice. If the resolution is passed, the authority conferred would be effective until the Company’s next AGM, when it is intended that the approval be renewed. The shorter period would not be used as a matter of routine for general meetings, but only where flexibility is merited by the business of the meeting and is thought to be to the advantage of the Company’s shareholders as a whole. In order to call a general meeting on less than 21 clear days’ notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

## **APPENDIX II**

### SUMMARY OF PHAROS ENERGY PLC LONG-TERM INCENTIVE PLAN

The principal features of the Pharos Energy plc Long-Term Incentive Plan ("the Plan") are outlined below.

#### **GENERAL**

##### **(a) Operation**

The Plan will be administered by the Remuneration Committee of the Board of Directors of the Company ("the Committee"). Awards may be granted by the Committee or the trustee of the Company's Employee Benefit Trust, acting on the recommendation of the Committee. The Plan is discretionary and will only operate in those years that the Committee determines.

##### **(b) Eligibility**

Any employee or Executive Director of the Company or any of its subsidiaries, will be eligible to participate in the Plan, at the discretion of the Committee.

##### **(c) Form of Awards**

Awards may take the form of:

- (i) a contingent award of free shares;
- (ii) a nil-cost option; or
- (iii) an award in such other form with substantially similar effect.

##### **(d) Grant of Awards**

Awards may normally only be granted in the six weeks following:

- (i) the date on which the Plan is most recently approved by shareholders;
- (ii) the announcement by the Company of its results for any period; or
- (iii) following a change in the legislation relating to employees' share schemes.

However, at all times, the grant of award will be subject to the terms of the Company share dealing code and general restrictions on dealings in securities, and if a grant of award in any of those periods is restricted, the six week window will commence when that restriction is lifted.

Awards may also be granted where the Committee considers there are exceptional circumstances which it considers justifies the granting of awards.

No award may be granted later than ten years after the Plan is most recently approved by shareholders.

Awards may be granted over newly issued shares, treasury shares and shares purchased in the market in conjunction with an employee benefit trust established by the Company.

No payment will be required for the grant of an award and awards are not transferable (other than on death). Awards will not be pensionable.

Awards may be granted on terms that on vesting or exercise the employee shall reimburse any secondary Class 1 (employer) National Insurance contributions arising.

The Committee may determine that the number of shares subject to an award shall, at vesting or exercise, increase by such number of shares as could have been acquired by reinvesting the dividends which would otherwise have been received on those shares.

##### **(e) Individual limit**

No employee may be granted awards under the Plan in any financial year over shares worth more than 200 per cent. of base salary, unless the Committee determines that exceptional circumstances exist which justify exceeding this limit, in which case awards shall not exceed 400 per cent. of base salary.

In applying this limit, no account will be taken of shares representing notional reinvestment of dividends on shares, or shares which have been awarded to ensure that a participant is not financially disadvantaged if he agrees to satisfy the Company's employer National Insurance contributions liability in relation to his award.

##### **(f) Limits on the issue of shares**

In any ten year period the Company may not issue (or have the possibility to issue) more than ten per cent. of the issued ordinary share capital of the Company from time to time, in respect of awards made in that period under the Plan and any other employees' share scheme adopted by a Group company.

For the purposes of this limit, awards are treated as being allocated at the time of grant and options or other rights to acquire shares which lapse or have been released do not count. However, shares subscribed by the trustees of an employee benefit trust to satisfy rights granted under any employees' share schemes adopted by the Company and shares transferred from treasury do count towards these limits unless the contrary has been stated in the remuneration report of the Board.

##### **(g) Vesting**

Awards will normally vest following a vesting period determined by the Remuneration Committee at the time of grant. Awards granted to Executive Directors will be subject to a vesting period of at least three years. Awards may be granted to other, less senior, with a vesting period shorter than three years.

If awards are granted as a nil-cost option, once they have vested they will normally be exercisable up until the tenth anniversary of the date of grant.

Where an award vests or an option is exercised, ordinary shares will be issued or transferred to the participant within 30 days subject to general restrictions on dealings in securities.

#### **(h) Performance conditions**

Awards may be granted subject to the satisfaction of performance conditions which will determine the proportion (if any) of the award which will vest at the end of the performance period.

The vesting of awards granted to Executive Directors will be subject to performance conditions set by the Committee. Awards may be granted to other, less senior, employees without performance conditions being imposed.

Awards will lapse to the extent that any performance conditions are not met.

In determining the extent to which the performance conditions are met, the Committee may override any formulaic outcome and reduce the indicative level of vesting (including to zero) if it considers that appropriate, having regard to such factors as it considers relevant, including the performance of the Company, any individual, or business.

The Committee may also waive or amend any performance condition applying to existing awards if an event has occurred which causes the Committee to consider that it would be appropriate to do so, provided the Committee considers the waiver or amendment of performance condition is fair and reasonable.

#### **(i) Holding period**

Unless the Committee determines otherwise, an Executive Director will normally either not be permitted to exercise or otherwise receive the shares on vesting and will be expected to retain a number of shares equal in number to the total number of shares acquired on the vesting or exercise of an award under the Plan (less a number of shares that have an aggregate market value on vesting or (in the case of an option) exercise equal to the tax liability due on the vesting or exercise of the award) until the fifth anniversary of the date of grant of that award or, if earlier, the expiry of the period of two years starting on the date which the award vests.

The holding period shall end early on or shortly prior to the occurrence of a takeover or winding up of the Company, the death of a participant or on such other date determined by the Committee. A participant shall not be restricted or prevented during the holding period from taking up any shareholder rights that they may have in relation to Shares. The terms and basis upon which Shares must be held during the holding period shall be determined by the Committee from time to time.

#### **(j) Leavers**

As a general rule, an award will lapse upon a participant leaving the employment of the Company's group. However, if a participant leaves employment of the Group by reason of death, ill health, injury, disability, redundancy, retirement (by agreement with his employer) or any other reason at the discretion of the Committee, his vested options will remain exercisable for six months (or twelve months in the case of death).

If a participant leaves employment of the Group for one of the "good leaver" reasons specified above, a proportion of his unvested awards shall be retained and may vest on the normal vesting date and then become exercisable for six months (or twelve months in the case of death) from vesting. The Committee may, in exceptional circumstances, allow unvested awards to vest in such circumstances at the time of cessation of employment.

The proportion of unvested awards which vest in these circumstances shall be determined by the Committee, taking into account the period of time which has elapsed between the grant of that award and the date of leaving and the extent to which any performance conditions have been satisfied at cessation or the end of the vesting period (as applicable).

#### **(k) Malus and clawback**

The Committee retains a power to reduce the potential vesting of unvested awards (including to zero) (often referred to as 'malus') or to recoup the value of previously vested awards from an individual up to the 5th anniversary of the date of grant, if it considers it appropriate to do so (often referred to as 'clawback'). The clawback period may be extended to such later date as the Committee considers appropriate in circumstances in which a participant's action or conduct is under investigation prior to the 5th anniversary of the date of grant.

The Committee may choose to exercise this power in the following circumstances:

- misstatement or error;
- serious misconduct;
- fraud;
- significant reputational damage; or
- insolvency of the Company,

where such circumstances undermine the effective risk management, reputation or accuracy of the financial reporting of any Group company.

The Committee may require the satisfaction of the clawback in a number of ways, including by way of a reduction in the vesting, or size of, any other award or bonus (including future awards or bonus) and/or a requirement to make a cash payment or transfer shares for nil consideration.

#### **(l) Corporate events**

In the event of a takeover or voluntary winding-up of the Company (other than an internal reorganisation), vested options shall remain exercisable and a proportion of unvested awards shall vest and become immediately exercisable, for a limited period. The proportion of an unvested award which vests will, unless the Committee in its discretion determines otherwise, depend on the time which has elapsed between the grant of that award and the change of control and the extent to which any performance conditions have been satisfied at that date.

Alternatively, on a change of control awards may (or, if the Committee so determines, including on an internal reorganisation, shall) be exchanged for new equivalent awards where appropriate. In this case any performance conditions will continue unless the Committee determines otherwise.

#### **(m) Rights attaching to shares**

Shares allotted or transferred under the Plan will rank equally with all other ordinary shares of the Company for the time being in issue (except for rights attaching to such shares by reference to a record date prior to the vesting or exercise of the award to which the shares relate). The Company will apply for the listing of any new shares allotted under the Plan.

The Committee may alternatively satisfy awards in cash.

**(n) Variation of capital**

In the event of any variation of share capital, demerger or other exceptional corporate event, the Committee may make such adjustments as it considers appropriate to the number of shares subject to awards.

**(o) Alterations to the Plan**

The Plan may at any time be altered by the Board in any respect. However, any alterations to the advantage of participants to the rules governing eligibility, limits on participation and the number of new shares available under the Plan, terms of vesting, exercise and adjustment of awards must be approved in advance by the Company's shareholders in general meeting.

Where the alteration or addition is minor in nature and made to benefit the administration of the Plan, to comply with the provisions of any existing or proposed legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or group companies it shall not require shareholder approval.

No alteration or addition shall be made to the Plan which would materially abrogate or adversely affect the subsisting rights of a participant unless it is approved by consent in writing of participants holding 75 per cent. of shares under subsisting awards or at a meeting of participants by not less than 75 per cent. of voting participants.

**(p) Overseas employees**

The Committee may grant awards to overseas employees on different terms so as to take account of relevant overseas tax, securities or exchange control laws provided that the awards are: (i) not overall more favourable than the terms of awards granted to other employees; and any Shares made available under such awards are treated as counting against the limits on individual and overall participation.

**(q) Termination**

The Plan will terminate on the tenth anniversary of its most recent approval by the Company in general meeting or by resolution of the Board, but the rights of existing participants will not be affected by any termination. In the event of termination, no further awards will be made under the Plan.

**(r) Contractual implications**

Participation in the Plan is discretionary and is not intended to confer on a participant:

- (i) any legal right to continue to be eligible in the Plan; or
- (ii) a right to continued employment; or
- (iii) a right to damages for loss of any awards on cessation of employment.

**(s) Governing law**

The Plan will be governed in accordance with laws of England and Wales and the parties submit to the jurisdiction of the courts of England and Wales.

**US ADDENDUM**

The US Addendum is intended to prevent any adverse US tax consequences for US taxpayers. The US Addendum has been drafted so that awards granted to US taxpayers comply with Section 409A of the Internal Revenue Code 1986 (as amended).

The terms of awards granted under the US Addendum are identical to the terms of awards granted under the Plan except as follows:

**(a) Grant of Awards**

Awards granted under the US Addendum may only be in the form of contingent awards of free shares.

**(b) Leavers**

The specific circumstances in which if a participant leaves employment of the group his awards will not automatically lapse do not include retirement of the participant.

**(c) Issue and Transfer of Shares**

The issue or transfer of shares to a participant in satisfaction of an award must occur within 30 days of vesting, and not later than by 15 March following the calendar year in which the award vests.

## APPENDIX III

### Notice of Meeting

#### PHAROS ENERGY PLC

#### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Pharos Energy plc will be held at The Gables, Munstead Heath Road, Munstead, Surrey, GU8 4AR on 8 June 2021 at 11.00 a.m.

**Resolutions 1 to 13 (inclusive) and 17 will be proposed as Ordinary Resolutions and Resolutions 14 to 17 (inclusive) and 18 will be proposed as Special Resolutions.**

#### Agenda

1. To receive the Annual Report and Accounts for the financial year ended 31 December 2020, together with the reports of the Directors and Auditor.
2. To receive and approve the Directors' Remuneration Report (excluding the part containing the summary of the Remuneration Policy) as set out on pages 87 to 104 (inclusive) of the Report and Accounts for the financial year ended 31 December 2020.
3. To reappoint John E Martin, who is Chair of the Nominations and ESG Committees, as a Director.
4. To reappoint Edward T Story, who is a member of the Nominations and ESG Committees, as a Director.
5. To reappoint Janice M Brown, who is a member of the ESG Committee, as a Director.
6. To reappoint Dr Michael J Watts, who is a member of the ESG Committee, as a Director.
7. To reappoint Robert G Gray, who is a member of the Audit and Risk, Remuneration, Nominations and ESG Committees, as a Director.
8. To reappoint Marianne Daryabegui, who is a member of the Audit and Risk, Remuneration, Nominations and ESG Committees, as a Director.
9. To reappoint Lisa Mitchell, who is Chair of the Audit and Risk Committee and a member of the Nominations and ESG Committees, as a Director.
10. To reappoint Geoffrey Green, who is Chair of the Remuneration Committee and a member of the Audit and Risk, Nominations and ESG Committees, as a Director.
11. To reappoint Deloitte LLP as Auditor to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at which the accounts are laid before the Company.
12. To authorise the Audit and Risk Committee, for and on behalf of the Directors, to agree the Auditor's remuneration.
13. That, in substitution for all existing authorities, the Directors be generally and unconditionally authorised 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 grant rights to subscribe for, or convert any security into, shares in the Company:
  - a. Up to an aggregate nominal amount of £7,369,619; and
  - b. Comprising equity securities (as defined in section 560(1) of the Act) up to a further aggregate nominal amount of £7,369,619 in connection with an offer by way of a rights issue,

such authorities to expire at the conclusion of the next AGM of the Company (or, if earlier, at the close of business on 30 June 2022), unless previously renewed, varied or revoked by the Company in general meeting, save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert any security in shares to be granted, after such expiry, and the Directors may allot shares, or grant such rights to subscribe for or to convert any security into shares, in pursuance of any such offer or agreement as if the authorisations conferred hereby had not expired.

For the purposes of this Resolution 13 "rights issue" means an offer to:

- i. ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
- ii. holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

to subscribe for further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, including an offer to which the Directors may impose any limits or restrictions or make any other arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

14. That, in substitution for all existing authorities and if Resolution 13 is passed, the Directors be authorised to allot equity securities (as defined in section 560(1) of the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be limited to:
  - a. The allotment of equity securities and/or sale of treasury shares for cash in connection with or pursuant to an offer of, or invitation to acquire, equity securities (but in the case of the authorisation granted under Resolution 13(b) by way of a rights issue only):
    - i. To holders of ordinary shares in proportion (as nearly as may be practicable) to the respective number of ordinary shares held by them on the record date for such allotment or sale; and
    - ii. To holders of other equity securities as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

and so that the Directors may impose such exclusions or other arrangements as they consider necessary or appropriate to deal with fractional entitlements, treasury shares, record dates or legal, regulatory or practical difficulties which may arise under the laws of, or the requirements of any regulatory body or stock exchange in, any territory, or any other matter whatsoever; and

- b. To the allotment of equity securities in pursuant to the authority granted by Resolution 13(a) and/or sale of treasury shares (otherwise than under paragraph 14(a) above up to an aggregate nominal amount of £1,105,442 representing not more than 5% of the Company's issued ordinary share capital (excluding treasury shares) as at 30 April 2021;

such authority to expire at the end of the next AGM of the Company (or, if earlier, at the close of business on 30 June 2022) unless previously renewed, varied or revoked by the Company in general meeting, but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Company may allot equity securities (and/or sell treasury shares) under any such offer or agreement as if the authority had not expired. For the purpose of this Resolution 14, "rights issue" has the same meaning as in Resolution 13 above.

15. That, if Resolution 13 is passed, the Directors be authorised, in addition to any authority granted under Resolution 14, to allot equity securities (as defined in section 560(1) of the Act) for cash under the authority given by Resolution 13 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be:

- a. Limited to the allotment of equity securities and/or sale of treasury shares up to an aggregate nominal amount of £1,105,442 representing not more than 5% of the Company's issued ordinary share capital (excluding treasury shares) as at 30 April 2021; and
- b. Used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors of the Company determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

such authority to expire at the end of the next AGM of the Company (or, if earlier, at the close of business on 30 June 2022) unless previously renewed, varied or revoked by the Company in general meeting, but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and/or treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and/or sell treasury shares) under any such offer or agreement as if the authority had not expired.

16. That, in substitution for all existing powers, the Company is generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of its ordinary shares on such terms and in such manner as the Directors may from time to time determine, and where such shares are held as treasury shares the Company may use them for the purposes of its employee share schemes, provided that:

- a. The maximum number of ordinary shares which may be purchased is 44,217,717 ordinary shares of £0.05 each (representing 10% of the Company's issued ordinary share capital (excluding treasury shares));
- b. The minimum price that may be paid for each ordinary share is the nominal amount of such share, and the maximum price in each case, exclusive of expenses that may be paid for each ordinary share is the highest of:
- i. An amount equal to 105% of the average of the middle market quotations for an ordinary share of the Company as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which such share is contracted to be purchased; and
- ii. The higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out; and
- c. This authority shall expire at the conclusion of the next AGM of the Company (or, if earlier, at the close of business on 30 June 2022); and the Company may, before this authority expires, make a contract to purchase ordinary shares that will or may be executed or completed wholly or partly after the expiry of this authority, and may make purchases of ordinary shares pursuant to it as if this authority had not expired.

17. That the rules of the Pharos Energy plc Long-Term Incentive Plan ("the Plan"), a draft of which is produced to the Meeting and the principal terms of which are summarised in Appendix II to this Notice of Meeting, be and are hereby extended for a further ten years and the Directors be and are hereby authorised to:

- a. do all things and make such other amendments as may be necessary or expedient for the purposes of implementing and giving effect to the Plan;
- b. make such amendments to the US Addendum to the Plan as may be necessary to comply with Section 409A of the US Internal Revenue Code; and
- c. to establish further plans based on the Plan but modified to take account of local tax, exchange control or securities law in any overseas jurisdiction, provided that the shares made available under such further plans are treated as counting towards the limits on individual or overall participation in the Plan.

18. That a general meeting of the Company (other than an Annual General Meeting) may be called on not less than 14 clear days' notice.

**By order of the Board**

Tony Hunter  
Company Secretary  
30 April 2021

**Registered Office:**

Eastcastle House, 27/28 Eastcastle Street, London W1W 8DH  
United Kingdom  
Registered in England No. 3300821

## NOTES

The following notes explain your general rights as a member and your rights to attend and vote at the Annual General Meeting ('AGM') or to appoint someone else to vote on your behalf. In light of the Health Protection (Coronavirus, Restrictions) (Steps) (England) Regulations 2021 ('the Coronavirus Restrictions') which, in particular, place a limit on the number of individuals and households permitted to gather indoors, and the uncertainty as to whether such restrictions will be lifted by the time of the AGM, members are discouraged from attending the Company's 2021 AGM. Instead, you are strongly encouraged to appoint the Chair of the meeting as your proxy as soon as possible and in any event by no later than 11.00 a.m. on 4 June 2021. If you appoint someone other than the Chair of the meeting as your proxy, they may be unable to attend or vote at the meeting because of the Coronavirus Restrictions. Any members or proxies (other than the Chair of the meeting) who attempt to attend the meeting may be refused entry. Accordingly, while you have the right to attend and vote at the meeting in person, you may not be able to exercise those rights because of the Government's Coronavirus Restrictions. In order to ensure your vote is counted, you must return your proxy appointing the Chair of the meeting not later than 11.00 a.m. on 4 June 2021.

### 1. Proxies

Only holders of shares and their proxies or duly appointed corporate representatives are entitled to attend and vote at the AGM.

A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, to speak and to vote at the meeting. A member 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 him. A proxy need not be a member of the Company. Note that at this year's AGM, due to the Coronavirus Restrictions implemented by the Government to combat the COVID-19 pandemic, members and/or their proxies (other than the Chair of the meeting) are strongly discouraged from attending the meeting in person. Accordingly, members should appoint the Chair of the meeting as their proxy. This will ensure that their votes are cast in accordance with their wishes and avoids the need for another person to attend as a proxy in their place.

A Form of Proxy is enclosed with this notice and instructions for completion are shown on the form. To be valid, Forms of Proxy appointing the Chair of the meeting as a proxy need to be deposited at the office of the Company's registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA not later than 11.00 a.m. on 4 June 2021. We strongly encourage you, where possible, to submit your Form of Proxy appointing the Chair of the meeting as proxy electronically in the event that: (i) there are delays in or suspension of the postal service; or (ii) Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA is closed as a result of COVID-19.

If you wish to register your proxy appointments or vote electronically via the [www.sharevote.co.uk](http://www.sharevote.co.uk) website, see Note 2 below. If you are a CREST member and wish to register the appointment of a proxy by using the CREST electronic proxy appointment service, see Note 3 below.

### 2. Online voting

Members may register their proxy appointments or vote electronically via the [www.sharevote.co.uk](http://www.sharevote.co.uk) website, where full details of the procedure are given. Members will need the Voting ID, Task ID and Shareholder Reference Number set out on the Form of Proxy.

A Form of Proxy lodged electronically will be invalid unless it is lodged at the electronic address specified in this Note 2 no later than 11.00 a.m. on 4 June 2021.

Alternatively, if members are registered with the Equiniti online portfolio service 'Shareview.co.uk', they can vote by logging on with their usual user ID and password. Once logged in simply click "View" on the "My Investments" page, click on the link to vote then follow the on screen instructions. Members are advised to read the terms and conditions of use carefully.

Electronic communication facilities are available to all shareholders and those who use them will not be disadvantaged. The Company will not accept any communication that is found to contain a computer virus.

### 3. CREST Proxy instructions

If you are a member of CREST, you may register the appointment of a proxy by using the CREST electronic proxy appointment service.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) thereof by using the procedures described in the CREST Manual, subject to the provisions of the Company's articles of association. 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 and Ireland specifications and must contain the information required for such instructions, as described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). The message, regardless of whether it constitutes the appointment of a proxy or 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 the issuer's agent (ID RA19) by 11.00 a.m. on 4 June 2021.

For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications 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 provider(s) should note that Euroclear UK and Ireland (formerly CRESTCo) does not make available special procedures in CREST for any particular messages. 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(s), to procure that his 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 service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

### 4. Documents on display

Copies of Executive Directors' service agreements, the terms and conditions of appointment of Non-Executive Directors are available for inspection by prior appointment. Please contact the Company Secretary at [info@pharos.energy](mailto:info@pharos.energy) to arrange. The rules of the Pharos Energy plc Long-Term Incentive Plan as proposed under resolution 17 are available on the Company's website at: <http://www.pharos.energy>.

**5. Right to attend and vote**

Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that in order to have the right to attend and vote at the meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company at 6.30 p.m. on 4 June 2021 or, in the event of any adjournment, at 6.30 p.m. on the date which is two days (excluding non-working days) before the day of the adjourned meeting. Note that due to the restrictions on indoor public gatherings, shareholders proxies and others are strongly discouraged from attending the meeting in person.

Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

**6. Corporate members**

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.

**7. Nominated persons**

Any person to whom this Notice of Meeting is sent who is a person nominated under section 146 of the Companies Act 2006 ('the Act') to enjoy information rights (a 'Nominated Person') may have a right, under an agreement between him/her and the member by whom he/she was nominated, 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 have a right, under such an agreement, to give instructions to the member as to the exercise of voting rights. However, in light of the restrictions on indoor public gatherings, Nominated Persons and any person appointed as a proxy (other than the Chair of the meeting) are strongly discouraged from attending the meeting.

The statements in these notes of the rights of members in relation to the appointment of proxies do not apply to Nominated Persons. Those rights can only be exercised by members of the Company.

**8. Questions**

Any member attending the AGM has the right to ask questions relating to the business being dealt with at the meeting. As members are strongly discouraged from attending the meeting in person due to the restrictions on indoor public gatherings, if they do wish to ask questions, they may do so by submitting questions about the business of the meeting in advance of the meeting by email to [info@pharos.energy](mailto:info@pharos.energy). In so far as relevant to the business of the meeting, members will be responded to by email and questions will be taken into account as appropriate at the meeting itself but no such answer need be given if:

- a. To do so would interfere unduly with the preparation for the meeting or 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.

**9. Website**

A copy of this notice, and other information required by section 311A of the Act, can be found at <http://www.pharos.energy>.

**10. Website publication of audit concerns**

Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:

- a. The audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or
- b. Any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act (in each case) that the members propose to raise at the AGM.

The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.

**11. Total number of shares and voting rights**

As at 30 April 2021 (being the last practicable date prior to the publication of this Notice of Meeting) the Company's issued ordinary share capital comprises 451,299,442 ordinary shares of £0.05, including 9,122,268 shares in treasury, each such share carrying one vote (other than the ordinary shares held in treasury).

Therefore, the total voting rights in the Company as at that date are 442,177,174.

**12. Communication**

You may not use any electronic address (within the meaning of section 333(4) of the Act) provided in this Notice of Meeting (or in any related documents including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

**13. Contact through Investment Manager**

If you have been nominated to receive general shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains as it was (i.e. the registered shareholder, or perhaps custodian or broker, who administers the investment on your behalf). Therefore, any changes or queries relating to your personal details and holding (including any administration thereof) must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee dealing with matters that are directed to it in error. The only exception to this is where the Company, in exercising one of its powers under the Act, writes to you directly for a response.



