

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** It contains the Resolutions to be voted on at a General Meeting of Sirius Petroleum plc (the "Company") to be held on 26 February 2013. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice from an independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended).

If you have sold or otherwise transferred all of your ordinary shares of 0.25 pence each in the Company ("Ordinary Shares"), please forward this document, together with the accompanying Form of Proxy at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

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## **SIRIUS PETROLEUM PLC**

*(Incorporated and registered in England and Wales No: 05181462)*

### **PROPOSED FUNDING STRATEGY PROPOSED ISSUE OF WARRANTS AND NOTICE OF GENERAL MEETING**

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**Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 2 to 5 of this document and which recommends you vote in favour of the resolution to be proposed at the General Meeting referred to below.**

Notice of a general meeting of the Company to be held at 11:00 a.m. on 26 February 2013 at the offices of Fladgate LLP at 16 Great Queen Street, London WC2B 5DG (the "General Meeting"), is set out on pages 6 to 8 of this document. A form of proxy ("Form of Proxy") is also enclosed with this document for use by the holders of Ordinary Shares ("Shareholders") at the General Meeting. Forms of Proxy should be completed and returned to the Company's Registrars, Capita Registrars at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, as soon as possible and in any event so as to be received not later than 11:00 a.m. on 22 February 2013. Completion and return of a Form of Proxy will not preclude Shareholders from attending in person and voting at the General Meeting.

# LETTER FROM THE CHAIRMAN



## SIRIUS PETROLEUM PLC

*(Incorporated and registered in England and Wales No: 05181462)*

### *The Directors*

Jack Pryde (*Chairman*)  
Toby Hayward (*Acting Chief Executive Officer*)  
Mike Hirschfield (*Finance Director*)  
Olukayode Kuti (*Non-Executive Director*)

### *Registered Office*

3rd Floor  
13 Charles II Street  
London SW1Y 4QU

1 February 2013

*To all shareholders, and for information only, to warrant holders*

Dear Shareholder

## **Proposed Funding Strategy**

### **1 Introduction**

The board of directors of Sirius (the "Board" or the "Directors") is in discussion with a number of potential funding partners through its advisers and would like to provide shareholders with background information on the Board's proposed approach to the execution of its strategy in the event that a transaction is concluded with these partners, and to obtain shareholder approval for the authorisations required in relation to the funding strategy.

The purpose of this letter is to provide you with information on the background to, and reasons for, the funding strategy described in paragraph 3 below (the "Funding Strategy") and why the Directors consider it to be in the best interests of the Company and its shareholders (the "Shareholders") as a whole. The Board would like to obtain the requisite approvals, ahead of concluding such financing discussions in order that it may move forward as quickly as possible once a transaction has been agreed. These proposals include, *inter alia*, the issue of equity and warrants described in more detail below.

Accordingly, the General Meeting is being convened to be held at 11:00 a.m. on 26 February 2013 at the offices of Fladgate LLP at 16 Great Queen Street, London WC2B 5DG. Shareholders will be asked to approve a resolution to permit the allotment and issue of Ordinary Shares on exercise of the warrants referred to in paragraph 3 below (the "Resolution").

### **2 Background**

Following the Company's readmission to AIM as an Investing Company on 24 March 2011, the Board, together with its advisers, has been working, via its in-country network of business contacts and consultants in Nigeria and the UK, to secure access to opportunities in the oil and gas sector. To date, the Company has entered a Financial and Technical Services Agreement in respect of the Ororo Field (otherwise known as OML 95) and, as announced on 21 June 2012, the Company has been granted exclusive options over equity interests in two Nigerian

Oil Prospecting Licences (the "First Oil Block" and the "Second Oil Block"). The Company's UK management team has worked to obtain the financing necessary to undertake development work on these licence areas, which concludes Sirius' equity participation in the licences. Such work will include the preparation of the technical reports required in accordance with the AIM Rules for Companies.

The Company has been progressing discussions with potential financial backers with a view to raising approximately US\$50 million, predominantly by way of debt funding, which will enable it to progress work on the First Oil Block and the Ororo Field such that each can be brought into production. These potential financial backers have been introduced by the Company's key advisers and discussions have, to date, been led by these advisers.

In seeking to secure appropriate, sufficient finance to fulfil its investing strategy, as set out in its AIM Admission Document dated 28 February 2011, the Board is mindful of the importance of Sirius' key advisers, and their wider business relationships, to the Company's future prospects and to enable Sirius to fulfil its stated strategy.

### **3 The Funding Strategy**

The central tenet of the Funding Strategy is based on the provision of debt facilities of approximately US\$50 million (which might include pre-pay or off-take arrangements) together with equity and warrants which, if exercised in full, are designed to provide the further funding necessary for additional drilling operations and infrastructure costs in respect of the First Oil Block and the Ororo Field and the development costs of the Second Oil Block.

The Board is proposing to issue warrants as and when the advisers procure minimum funding of US\$18 million to meet its funding needs. The funding may take the form of debt, prepayment for production, off-take or similar, or a combination thereof, with a proportion of equity if this is deemed to be most appropriate for the Company.

The Board expects the advisers to procure subscribers or places for up to 300 million shares and intends to divide the warrants into two tranches of 300 million Ordinary Shares each, with exercise prices of 6 pence and 10 pence respectively (together the "Warrants"). If the 300 million shares are subscribed for in full, and if the Warrants are exercised in full, the equity and Warrants will provide equity-based funding of £60 million (approximately \$100 million) in addition to the debt facilities currently under negotiation. To the extent that the 300 million shares are not subscribed for or placed, the Board will instead issue the balance in the form of warrants, with an exercise price of 4p.

The price of an Ordinary Share as at 31 January 2013, the latest practicable date prior to the posting of this circular, was 3.625p and hence the warrants will be issued at a premium to the current share price of 10.3 per cent., 65.5 per cent. and 175.9 per cent. respectively.

It is currently envisaged that the debt facilities under negotiation and the Warrants (if exercised) will provide all the necessary funding for Sirius to achieve its short and medium term objectives and negate the requirement for Sirius to raise further funds through the issue of additional equity, thus avoiding future dilution to existing Shareholders. If the Company has surplus capital available, following a full or partial exercise of the Warrants, the Board will consider further investment opportunities in line with the Company's investing strategy.

In structuring the Funding Strategy, the Board has taken into account the Company's limited financial resources, the Company's need for further capital in addition to the proposed debt facilities and the fact that exercise of the Warrants will lead to a significant inflow of capital to the Company at prices which largely represent a substantial premium to the current market price of an Ordinary Share.

Shareholders should note that there is no guarantee that a financing on the terms currently envisaged will be concluded successfully, nor that any Warrants issued will be issued or exercised subsequently. In such case, the Company will require alternative sources of finance to develop its operations. Such finance may not be available or may not be available on terms acceptable to the Board. Shareholders' attention is also drawn to the fact that any Warrants issued will only be of value to the recipients in the event that the value of the Ordinary Shares increases significantly, representing the transformative nature of a transaction which will have been introduced to Sirius. Further, funds received assuming full exercise of the Warrants will represent 202.9 per cent. of the Company's market capitalisation in the business day prior to the dates of this circular.

If exercised in full, the Ordinary Shares arising on exercise of the Warrants will represent 52.42 per cent. of the issued share capital of the Company as enlarged by the issue of such shares.

The Warrants will not be issued to any of the Directors or persons connected (within the meaning of sections 252-254 Companies Act 2006) with them.

#### **4 Summary of the principal terms of the Warrants**

The Company proposes to issue warrants over 600 million Ordinary Shares, with half of the Warrants being exercisable at 6p within five years of date of issue and half at 10p per share within ten years of date of issue. If subscribers or placees for 300 million shares are not sought, the Board will issue the remaining shares as warrants, exercisable at 4p within three years of date of issue.

The Warrants will be exercisable in whole or part, subject to a minimum exercise amount of 50 million Ordinary Shares or such lesser amount equal to the total number of Warrants held by a single party, should that be less than 50 million.

The Warrants contain undertakings from the Company to maintain sufficient shareholder authorities to permit the issue and allotment of Ordinary Shares arising on exercise of the Warrants. The Company has given warranties regarding its power and authority to grant the Warrants. In addition, the Company has agreed to typical protections afforded to warrant-holders regarding a re-organisation of the Company's share capital. The Warrants are assignable, with the Company's consent, such consent not to be unreasonably withheld or delayed.

Prior to any exercise of the Warrants, the Warrant Holder is required to consult with the Company so as to consider whether exercise of the Warrants could result in the Warrant Holder or any person acting in concert with it incurring an obligation under Rule 9 of the City Code on Takeovers and Mergers. Any exercise of a Warrant must comply with the provisions of the City Code on Takeovers and Mergers.

No Warrant Holder, other than certain specified parties, are permitted to exercise any Warrants which would result in the Warrant Holder or their associates holding 10 per cent or more of the issued share capital of the Company without seeking the approval of the Company's nominated adviser from time to time.

#### **5 Current trading and prospects**

The Company continues to operate on a prudently managed overhead and has also sought to satisfy outstanding creditors via the issue of Ordinary Shares in order to allow the maximum level of cash resources to be applied to the fulfilment of the Company's strategy. The Company is confident that, should a suitable funding agreement be consummated, it will be very well placed to capitalise on and develop the assets that it has identified and which it already has the option to participate in at the equity level.

## **6 General Meeting and irrevocable undertakings**

The General Meeting is to be held at 11:00 a.m. on 26 February 2013 at the offices of Fladgate LLP at 16 Great Queen Street, London WC2B 5DG for the purpose of seeking Shareholders' approval of the Resolution. Notice of the General Meeting is set out on pages 6 to 8 of this document.

The Board has sought and received irrevocable undertakings to vote in favour of the Resolution from the holders of 419,092,036 Ordinary Shares representing 51.3 per cent. of the Company's issued share capital, including 83,525,000 Ordinary Shares in which the Directors are interested and which represent 10.22 per cent. of the Company's issued share capital.

## **7 Action to be taken**

A form of proxy is enclosed for use at the General Meeting. Whether or not you intend to be present at the meeting, you are requested to complete, sign and return the form of proxy to the Company's Registrars Capita Registrars, PXS, 34 Beckenham Road, Kent BR3 4TU as soon as possible and in any event so as to arrive not later than 11:00 a.m. on 22 February 2013. The completion and return of a form of proxy will not preclude you from attending the meeting and voting in person should you subsequently wish to do so.

## **8 Recommendation**

**For the reasons set out in the preceding paragraphs, the Board believes that the Resolution to be proposed at the General Meeting, is in the best interests of the Company and its shareholders as a whole. Accordingly, the directors recommend that shareholders vote in favour of the Resolution, as they intend to do in respect of their own beneficial holdings which amount, in aggregate, to 83,525,000 ordinary shares representing approximately 10.22 per cent. of the existing Ordinary Shares of the Company.**

Yours sincerely,

**Jack Pryde**

*Chairman*

## NOTICE OF GENERAL MEETING

# SIRIUS PETROLEUM PLC

*(Company Number 5181462)*

Notice is given that a general meeting of the members of the Company will be held at 11:00 a.m. on 26 February 2013 at the offices of Fladgate LLP, 16 Great Queen Street, London WC2B 5DG to consider and, if thought fit, pass the following resolution:

### **Special resolution**

That, in addition to the authorities granted by resolutions 6 and 7 passed at the Company's annual general meeting on 26 July 2012:

- (i) in accordance with section 551 Companies Act 2006 ("CA 2006") the directors are generally and unconditionally authorised, to allot equity securities, as defined in section 560 CA 2006, up to an aggregate nominal amount of £2,750,000 in connection with the exercise of warrants granted pursuant to the "Funding Strategy" described in the Company's circular to shareholders dated 1 February 2013 ("Funding Strategy Warrants") and the allotment of equity securities in connection with such Funding Strategy;
- (ii) under section 570 CA 2006, the directors are authorised, to allot such equity securities wholly for cash as if section 561 CA 2006 did not apply to such allotment, provided that the authority is limited to the allotment of equity securities of an aggregate nominal amount of up to £2,750,000 pursuant to the Funding Strategy Warrants and the allotment of equity securities in connection with such Funding Strategy; and
- (iii) this authority will expire on 1 February 2018, except that the directors may allot relevant securities pursuant to an offer or agreement made before the expiry of the authority.

By order of the board

**Kitwell Consultants Limited**  
*Company secretary*

1 February 2013

*Registered Office:*

3rd floor, 13 Charles II Street  
London SW1Y 4QU

## **Notes to the notice of general meeting:**

### *Appointment of proxies*

1. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
2. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you must appoint your own choice of proxy (not the chairman) and give your instructions directly to the relevant person.
3. 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, you must complete a separate proxy form for each proxy and specify against the proxy's name the number of shares over which the proxy has rights. If you are in any doubt as to the procedure to be followed for the purpose of appointing more than one proxy you must contact the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Kent BR3 4TU. If you fail to specify the number of shares to which each proxy relates, or specify a number of shares greater than that held by you on the record date, proxy appointments will be invalid.
4. If you do not indicate to your proxy how to vote on any resolution, your proxy will vote or abstain from voting at his discretion. Your proxy will vote (or abstain from voting) as he thinks fit in relation to any other matter which is put before the meeting. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against a resolution

### *Appointment of proxy using the hard copy proxy form*

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold his vote.
6. To appoint a proxy using the proxy form, it must be:
  - 6.1. completed and signed;
  - 6.2. sent or delivered to the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Kent BR3 4TU; and
  - 6.3. received by the Company's registrars no later than 11:00 a.m. on 22 February 2013.
7. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
8. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
9. The Company, pursuant to regulation 41 of The Uncertificated Securities Regulations 2001, specifies that only those ordinary shareholders registered in the register of members of the Company 48 hours before the meeting shall be entitled to attend or vote at the meeting in respect of the number of Ordinary shares registered in their name at that time. Changes to entries on the relevant register of securities after 11:00 a.m. on 22 February 2013 will be disregarded in determining the rights of any person to attend or vote at the meeting.

### *Appointment of proxies through CREST*

10. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) by using the procedures described in the CREST Manual. 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.
11. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID: RA10) by 11:00 a.m. 22 February 2013. 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 Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
12. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI 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 are 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 providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

13. 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.

#### *Appointment of proxy by joint members*

14. In the case of joint holders of shares, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder (being the first named holder in respect of the shares in the Company's register of members) will be accepted.

#### *Changing proxy instructions*

15. To change your proxy instructions simply submit a new proxy appointment using the method set out in paragraphs 6 or 11 above. Note that the cut off time for receipt of proxy appointments specified in those paragraphs also applies in relation to amended instructions. Any amended proxy appointment received after the specified cut off time will be disregarded.
16. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact the Company's registrar as indicated in paragraph 3 above.
17. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

#### *Termination of proxy appointments*

18. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's registrar as indicated in paragraph 3 above. In the case of a member which is a company, the revocation notice 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 revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
19. The revocation notice must be received by the Company no later than 11:00 a.m. on 22 February 2013.
20. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to paragraph 21 below, your proxy appointment will remain valid.
21. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

#### *Documents available for inspection*

22. The following documents will be available for inspection at the registered office of the Company on any weekday) (except Saturdays, Sundays and Bank Holidays) during normal business hours from the date of this notice until the date of the meeting and at the place of the meeting for 15 minutes prior to and until the conclusion of the meeting: statement of transactions of Directors (and of their family interests) in the share capital of the Company and any of its subsidiaries; copies of the Directors service agreements and letters of appointment with the Company; the register of Directors interests in the share capital of the Company (maintained under section 325 of the Act).

#### *Total voting rights*

23. As at 11:00 a.m. on 31 January 2013, the Company's issued share capital comprised 816,904,901 ordinary shares of 0.25p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 11:00 a.m. on 31 January 2013 is 816,904,901.

#### *Communication*

24. Except as provided above, members who have general queries about the meeting should contact the Company's registrar, Capita Registrars, PXS, 34 Beckenham Road, Kent BR3 4TU.