



# SERICAENERGY

**Serica Energy plc**  
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30 May 2014

Dear Shareholder

Please find enclosed the Notice of Annual General Meeting to be held on 26 June 2014 (the "AGM").

Serica is a UK registered company listed both on the Alternative Investment Market ('AIM') in London and the Toronto Stock Exchange ('TSX') in Toronto and is a reporting issuer under the securities laws of certain provinces in Canada. Serica continues to meet the requirements of a designated foreign issuer under Canadian securities laws and, as long as it complies with UK securities regulatory requirements, Serica is exempt from certain continuous disclosure obligations under Canadian securities laws. Serica will satisfy the Canadian securities law requirements in relation to the filing of quarterly financial statements, the annual information form and the management information circular by filing all the disclosure documents which are required as a result of the Company's listing on AIM on SEDAR.

At this year's AGM, there are 11 resolutions which the shareholders are asked to approve. Resolutions 1 to 10 are proposed as ordinary resolutions which means that more than half the votes cast must be in favour of the resolution in order for it to be passed. Resolution 11 is a special resolution which means that at least three-quarters of the votes cast must be in favour of the resolution. An explanation of the resolutions to be tabled is given below.

## **Resolution 1 – Receipt of Financial Statements:**

The audited consolidated financial statements of the Company for its fiscal year ended 31 December 2013 will be presented at the Annual General Meeting.

## **Resolution 2 – Re-appointment of auditors:**

At the Annual General Meeting, shareholders will be requested to re-appoint Ernst & Young LLP as auditors of the Company to hold office until the next Annual General Meeting or until a successor is appointed, and to authorise the board of Serica to fix the auditors' remuneration.

## **Resolutions 3 to 9 – Re-election of directors:**

In accordance with the Company's Articles of Association (the 'Articles'), the UK Corporate Governance Code and TSX Company Manual, all the directors are standing for re-election.

Steven Theede and Ian Vann, each of whom have held office at the preceding two Annual General Meetings and have not retired at either of them, are seeking re-election under Article 84 of the Articles.

All of the remaining directors, being Antony Craven Walker, Mitchell Flegg, Jeffrey Harris, Christopher Hearne and Neil Pike, are voluntarily submitting themselves for re-election in accordance with the provisions of the UK Corporate Governance Code and the TSX Company Manual.

Short biographical details of each of the directors are set out on page 23 of the 2013 Annual Report and Financial Statements.

Directors:  
Antony Craven Walker (Chairman)  
Christopher Hearne  
Mitchell Flegg  
Neil Pike  
Jeffrey Harris  
Steven Theede  
Ian Vann

Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 5450950  
Registered office: 52 George Street, London W1U 7EA

The Board has not adopted a majority voting policy in respect of the election and re-election of directors as recommended by the TSX which would require any director who received more 'withhold' than 'for' votes to tender their resignation and which resignation the Board would generally accept. In the UK shareholders can elect to vote both for and against the election or re-election of a director whereas in Canada shareholders can only vote in favour or withhold their vote on this matter. On that basis, the Board of Serica therefore considers that a majority voting policy is not necessary for Serica which is not required to comply with Canadian securities laws in respect of proxy voting and will be following UK voting procedures.

**Resolution 10 – Allotment of share capital:**

This ordinary resolution deals with the renewal of the directors' authority to allot new Ordinary Shares during the course of the year in order to facilitate the business of the Company and renews the equivalent authority granted at last year's Annual General Meeting which expires at the end of this Annual General Meeting.

Since 2009, the Company has followed the guidelines of the Association of British Insurers ("the ABI"), a body which represents the interests of UK institutional shareholders, which state that ABI members will accept resolutions seeking authority to allot shares representing up to two-thirds of the Company's issued share capital plus the amount required in order to satisfy outstanding share options. The guidelines provide that the extra routine authority, namely the authority to allot shares representing the additional one-third of the Company's issued share capital, can only be used to allot shares pursuant to a fully pre-emptive rights issue. It is proposed that the Company continue to operate in line with these guidelines and, accordingly, Resolution 10 proposes that directors be granted authority to allot shares in the capital of the Company up to a maximum nominal amount of US\$17,836,648.60 representing the guideline limit of two-thirds of the Company's issued ordinary share capital as at 30 May 2014 (the latest practicable date prior to publication of this letter) together with the number of ordinary shares required to satisfy outstanding share options which is US\$1,158,046. Of this amount, US\$8,339,301.30 (representing one-third of the Company's issued ordinary share capital) can only be allotted pursuant to a rights issue. The authority will expire on the date of the next Annual General Meeting or on 26 September 2015 whichever is sooner.

**Resolution 11 – Disapplication of statutory pre-emption rights:**

This resolution is a special resolution and gives directors the authority to allot equity securities for cash subject to statutory pre-emption rights in favour of existing shareholders and to disapply statutory pre-emption rights on the allotment of a limited number of equity securities. This authority will permit the directors to allot:

- (i) shares up to approximately two-thirds of the Company's issued share capital on an offer to existing shareholders on a pre-emptive basis. However, unless the shares are allotted pursuant to a rights issue (rather than an open offer), the directors may only allot shares up to approximately one-third of the Company's issued share capital; and
- (ii) shares up to a maximum of 10% of the issued share capital as at 30 May 2014 otherwise than in connection with an offer to existing shareholders.

The purpose is to enable the Company to take advantage of specific opportunities to raise additional finance, if required, during times when market conditions are uncertain. Before any exercise of the authority sought under this resolution, the Company would consult its Nominated Advisor appointed under the AIM regulations regarding the terms and conditions of any issue.

### **Electronic communications with shareholders**

In 2011, the Company gave shareholders the option of receiving the Company's annual accounts, notices of shareholder meetings and other documents by post, by email or via a website except in the case of those shareholders holding their shares in Canada who can only make this election in respect of the Company's annual accounts. In the case of the UK, shareholders who have already elected to receive hard copy documents and new shareholders since May 2013, are being given the option of receiving the Company's annual accounts, notices of shareholder meetings and other documents by post, by email or via a website. In the case of Canada, the election to receive hard copy accounts must be made annually. If you wish to make this election you should complete the enclosed form, which explains the options open to you, and return it to Capita Asset Services or TMX Equity Transfer Services as appropriate. You can return the completed form together with your form of proxy in the envelope provided. Should you decide that you wish to receive documentation from the Company by means of a website or by email, you should ensure that you have the appropriate equipment and computer capabilities sufficient for the purpose.

Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy in accordance with its instructions and return it to TMX Equity Transfer Services, if you hold your shares in Canada, or to Capita Asset Services if you hold your shares elsewhere. Full details are given on the form of proxy.

It is the intention of management to give a presentation to shareholders at the meeting to update them on the Company's exploration prospects, forward drilling activities and business strategy and we look forward to as many as possible attending the AGM.

Yours faithfully,



Antony Craven Walker  
Chairman

