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Premier Oil plc
(“Premier” or the “Company” or the “Group”)
Update on proposed merger with Chrysaor and change of name
16 December 2020

Premier today provides an update on the proposed all share merger between Premier and Chrysaor Holdings Limited (“Chrysaor” and, following completion, the “Combined Group”) and the reorganisation of Premier’s existing debt and cross currency swaps (the “Transaction”). Premier also issues an update on its and Chrysaor’s trading and operational activities for the first 11 months of the year and reports 2021 guidance for both companies.

A live webcast and conference call for analysts and investors will be held on Thursday 17 December 2020 at 11am (GMT), the details of which can be found on Premier’s website (www.premier-oil.com).

Publication of a shareholder circular and prospectus

Premier is pleased to announce that a shareholder circular (the “Circular”) and prospectus (the “Prospectus”) in relation to the Transaction are expected to be published later today, subject to FCA approvals, and that the General Meeting of Premier’s shareholders to approve the Transaction has been scheduled for 12 January 2021.

The publication of the Circular and Prospectus marks an important milestone for the Transaction which is expected to complete by the end of the first quarter of 2021, as previously guided.

On completion of the Transaction, Premier will be renamed Harbour Energy plc (“Harbour Energy”).

Board and management

As previously announced, it is anticipated that the Board of Harbour Energy will comprise 11 directors: six independent non-executive directors, two non-executive directors appointed by funds managed by EIG Global Energy Partners (“EIG”) and three executive directors.

Blair Thomas, currently CEO of EIG, will be the Chairman of the Combined Group from completion. Blair has over 30 years’ experience in the investment management business, with a focus on energy and energy-related infrastructure and extensive management and board experience.

As previously announced, Linda Cook will be CEO of Harbour Energy and Phil Kirk will be President and CEO Europe from completion. It is expected that a new Chief Financial Officer will be identified prior to completion of the merger.

Harbour Energy’s Board will also include, from completion:

- Simon Henry (Senior Independent Non-Executive Director)
- Anne L Stevens (Independent Non-Executive Director)
- Anne Marie Cannon (Independent Non-Executive Director)
- G. Steven Farris (Non-Executive Director)

It is expected that the three additional independent non-executive directors will be announced prior to completion.

It is expected that each of the current non-executive directors of the Board of Premier Oil, other than Anne Marie Cannon, will step down from the Board with effect from the completion of the Transaction.

Further to the information disclosed in this announcement and the Prospectus that is expected to be published later today, there is no further information to be disclosed pursuant to Listing Rule 9.6.13R.

Creating a strong UK independent oil and gas company of scale with a global footprint

Harbour Energy will be the largest London-listed independent oil and gas company by production and reserves. It will be a resilient business with competitive operating costs. The Combined Group will have a lower carbon intensity than the average UK oil and gas producer, with targets in place for further improvements, and a commitment to achieving 'Net Zero' greenhouse gas emissions by 2035.

The Combined Group will have a cash generative, diversified UK business of scale with a significant operated position. It will have a broad set of international growth opportunities with the financial flexibility and capacity to realise value from a top-tier development and exploration portfolio in addition to disciplined M&A.

Harbour Energy will have a strong balance sheet. In addition, the Combined Group is expected to generate sufficient free cash flow to support shareholder returns including via a sustainable dividend which, subject to market conditions and Board approval, is expected to be introduced with respect to the financial year ending December 2021.

ERCE Equipoise Ltd ("ERCE") Competent Person's Report ("CPR")

ERCE has prepared an independent CPR on the Chrysaor assets, which will be included in full in the Prospectus that is expected to be published later today. At 30 June 2020, ERCE has certified that Chrysaor had 491 mmboe of 2P reserves and 388 mmboe of 2C resources. These numbers do not include Premier's 2P reserves or 2C resources.

Conditions to closing and timetable

The Transaction is subject, amongst other things, to Premier shareholder and creditor consents and regulatory approvals. The General Meeting for Premier's shareholders to approve the Transaction has been scheduled for 12 January 2021.

As previously announced, Premier has received the requisite level of creditor support for the Transaction and, immediately after the Prospectus is published, expects to launch the restructuring plan processes through the issuance of a practice statement letter. To date, European Commission merger control clearance has been received and regulatory approval from the Norwegian MPE has been, conditionally, received.

The expected timetable of principal events to completion can be found in the Appendix.

Premier Update

Premier provides the following update in relation to its trading and operational activities for the first 11 months of the year and guidance for 2021:

- Production averaged 61.2 kboepd for the 11 month period and Premier is on track to meet its full year guidance of 61-64 kboepd.

- Premier expects 2021 production to be in the range of 61-66 kboepd. This reflects new production from Premier's operated Tolmount gas field (due on-stream in Q2 2021) offset by natural decline and maintenance shutdowns deferred from 2020.
- Production at Premier's operated Catcher Area has been restored to rates in excess of 60 kbopd (gross) following a seven day unplanned outage in mid-November.
- The Solan P3 well was brought on-stream in September and subsequently produced at rates of over 10 kbopd in mid-November with the ESP online. In early December, production from the Solan field was shut in following the failure of the emergency generator and Premier is actively progressing its repair.
- The Tolmount platform was installed during October and batch drilling of the four wells is underway. First gas is forecast for Q2 2021 with Tolmount expected to add 20-25 kboepd (net) once on plateau with all four wells completed, anticipated during Q4 2021.
- Premier has retained significant growth optionality within its portfolio
 - Zama (Mexico) unitisation and development plan negotiations progressing with Pemex
 - Tuna (Indonesia) farm-out agreement signed with Zarubezhneft in September. Fully-carried two well appraisal programme planned for 2021
 - Premier continues to assess the potential of the resources associated with the Sea Lion project (Falkland Islands) which represents a material opportunity for the Group
 - Highly encouraging results from new 3D seismic data sets in Mexico and Indonesia
- Forecast 2020 opex (ex-lease costs) unchanged at \$12/boe and full year capex (including abex) guidance now \$315 million, reflecting full year savings and deferrals of over \$250 million.
- Premier forecasts 2021 operating costs (ex-lease costs) of \$15/boe. This includes the tariff to be paid for the Tolmount infrastructure. 2021 total capital expenditure (including abex) is expected to be c. \$275 million. 2021 guidance is provided on a standalone basis and does not account for any optimisation that may occur post completion of the Transaction.
- Net debt at the end of November was \$2.06 billion.

Premier also notes that Tony Durrant stepped down from the Board of Directors on 16 December 2020. As previously announced, Richard Rose will be the Interim Chief Executive until completion of the Transaction, in addition to his current role as Finance Director. Stuart Wheaton, currently Chief Operating Officer, will assume the role of Interim Deputy Chief Executive.

Chrysaor Update

Chrysaor has provided Premier with the following update on its trading and operational activities for the first 11 months of the year and guidance for 2021:

- Production averaged 174 kboepd for the 11 month period and Chrysaor forecasts full year production of 174 kboepd, in line with its full year guidance of 170-180 kboepd.
- Chrysaor expects 2021 production to average in the range of 140-155 kboepd. This reflects an expected 2020 second-half production forecast of c. 160 kboepd and an unusually high level of asset shutdowns during 2021, driven by COVID-19-related 2020 maintenance

deferrals. The COVID-19 related suspension of some drilling activities in 2020 has also impacted the 2021 production forecast.

- Operated portfolio:
 - J-Area averaged 31 kboepd (net), with the impact of water breakthrough in the Palaeocene wells ameliorated by an active drilling and workover programme which is expected to continue into 2021. The joint venture partners are considering adding a second drilling unit in late 2021 to appraise the Talbot discovery and to drill the Dunnottar exploration prospect.
 - Greater Britannia Area averaged 40 kboepd (net), benefitting from excellent uptime and better than expected well performance from the Brodgar satellite field. Chrysaor expects first production from the Callanish F5 well in Q1 2021.
 - In the AELE (Armada, Everest, Lomond and Erskine) area, production averaged 31 kboepd (net). In December, Chrysaor sanctioned the LAD infill development well at Everest East with drilling scheduled for Q3 2021.
- Non-operated portfolio:
 - The Total-operated Elgin Franklin area averaged 19 kboepd (net), ahead of expectations with the fields benefitting from very high production efficiency and an ongoing infill drilling and well intervention programme. The operator is currently planning facilities and integrity work towards a potential extension of field life.
 - Production from the Buzzard field averaged 19 kboepd (net). Phase 1 infill drilling has delivered on or above target while Buzzard Phase 2 drilling results have been towards the lower end of expectations. Drilling has now been paused and further wells and side-track activity will wait until after the Phase 2 wells have been brought onto production, now expected in December 2021.
 - Beryl Area fields averaged 17 kboepd (net), supported by an ongoing well intervention programme and continued infill drilling. Exploration activity in the Beryl area Tertiary play has been positive so far with two successful wells drilled on the Solar and Corona prospects.
- Chrysaor's operating costs (including net tariff costs) for the 11 months to the end of November averaged \$11.4/boe. Chrysaor expects unit operating costs to be higher in 2021 than the 2020 outturn, but below its long-term target of \$15/boe (including net tariff costs). This is as a result of lower forecast production and increased maintenance expense in 2021.
- Chrysaor's total capital expenditure (including exploration and decommissioning) to the end of November 2020 was \$651 million. Chrysaor expects total capital expenditure for the full year 2020 to be around \$718 million. This is approximately \$575 million lower than forecast at the outset of the year, reflecting the pause in non-essential platform activity and the suspension of operated drilling activities for nearly six months.
- Chrysaor expects total 2021 capital expenditure to be in the range of \$750-850 million, principally relating to drilling and development activities at J-Area, AELE, Beryl and Buzzard field, and including c. \$170 million for decommissioning (pre-tax relief).
- Chrysaor benefits from a significant hedging programme with approximately 67 per cent of its 2021 1H oil volumes hedged at an average price of \$60/bbl, and 73 per cent of its 2021 1H gas volumes hedged at an average price of 42 pence/therm.

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Appendix

Directors' biographies

(A) Linda Cook (Chief Executive Officer designate)

Linda Cook is Chief Executive Officer (CEO) of Harbour Direct Holdings Ltd and managing director and member of the Investment and Executive Committees of EIG, positions she has held since 2014. Since 2017, Linda has also served as the non-executive chairman of Chrysaor. She retired from Royal Dutch Shell plc in 2010, at which time she was a member of the board of directors and the executive committee. During her 29 years with the company, she held positions including CEO of Shell Gas and Power (London); CEO of Shell Canada Limited (Calgary); executive vice president Strategy and Finance for Global Exploration and Production (The Hague); and various US Exploration & Production management, operational and engineering roles. She received a B.S. in Petroleum Engineering from the University of Kansas and is currently a trustee for the University's Endowment Association, a member of the Society of Petroleum Engineers and a non-executive director on the Board of BNY Mellon.

(B) Phil Kirk (President; Chief Executive Officer, Europe designate)

Phil Kirk is CEO of Chrysaor. After qualifying as a chartered accountant with Ernst & Young in 1991, he joined Hess in 1996 where he served a variety of roles including head of finance, North West Europe. In 2002, Phil set up CH4 Energy with two ex-colleagues where he was joint managing director. CH4 acquired and operated the Markham field and associated satellites on the UK/Dutch median line. After selling CH4 to Venture Production in 2006, he founded Chrysaor in 2007 and has led the group since then. Phil has been a member of the Board of Oil and Gas UK since 2013 and currently serves as its co-chair. He is also a past co-chair of the OGA UK Exploration Board, one of six boards responsible for driving the industry's response to the OGA's MER UK (Maximising Economic Recovery) strategy, and he is a Fellow of the Energy Institute and a member of the Society of Petroleum Engineers. Phil has a BSc in Mathematics from Warwick University.

(C) R. Blair Thomas (Non-Executive Chairman designate)

R. Blair Thomas has more than 30 years' experience in the investment management business, with a focus on energy and energy-related infrastructure. Blair is the CEO of EIG, and chairs the firm's Investment and Executive Committees. EIG is among the largest institutional investors in the energy sector and is active across the energy value chain and around the globe. Blair is also a member of the Board of Directors and the Investment Committee of FS/EIG Advisor, the investment advisor to FSEP, a non-traded business development company focused on the energy sector. EIG was formerly part of Trust Company of the West, where Blair was a Group Managing Director and a member of the Board of Directors of TCW Asset Management Company. Prior to joining EIG in 1998, Blair was a senior investment officer with the Inter-American Development Bank and a project finance attorney at the law firm of Brown & Wood in New York. Blair also served in the administration of President George H. W. Bush as an advisor on energy and budget policy. Blair received a B.A. from the University of Virginia, a J.D. from New York Law School and an L.L.M. from Georgetown University Law Center. Blair is also the Chairman of Limetree Bay Ventures, and Prumo Logistica S.A., both private companies. Since 2014, Blair has served as the Chairman of the Board of Directors of Harbour Direct Holdings Ltd. and has been a member of the Board of Directors of Chrysaor since 2017.

(D) G. Steven Farris (Non-Executive Director designate)

Steven Farris served as chairman and CEO of Apache Corporation, an oil and natural gas exploration and production company with operations in the United States, Canada, the United Kingdom, Egypt, and Australia. Steve was named chairman of Apache in January 2009, upon the retirement of company Founder Raymond Plank. He was promoted to president in 1994 and CEO in May 2002. Steve joined Apache in June 1988 as vice president of domestic exploration and production and was promoted to senior vice president in May 1991. Prior to joining Apache, Steve was vice president, finance and business development, of Terra Resources, a subsidiary of Sempra Energy. Before working at Terra, he was executive vice president of Robert W. Berry, Inc., an independent exploration and production company. Steve began his career with Deloitte, Haskins & Sells as a Certified Public Accountant, earning his CPA license in 1972. Steve is the former chairman of America's Natural Gas Alliance, the American chairman of the US-Egypt Business Council, a member of the Business Roundtable, a member of the Executive Committee of the M.D. Anderson Cancer Center Board of Visitors, and a member of the Fund for Teachers Board of Directors. He holds bachelor's degrees in history and accounting from Oklahoma State University. Steve has served as a non-executive director of Chrysaor since 2017 and has been a member of the Board of Directors of Harbour Direct Holdings Limited since 2015.

(E) Simon Henry (Senior Independent Non-Executive Director designate)

Simon spent 35 years in an executive career with Royal Dutch Shell plc, retiring as CFO and Executive Director in March 2017. He has since developed a portfolio of non-executive and advisory roles, in

both the public and private sector. He has a particular interest in strategy, financial performance, risk management and corporate governance. He became CFO and a member of the Board of Royal Dutch Shell plc in May 2009. In addition to responsibility for all financial activities of the company, he was responsible for Strategy, Planning and Information Technology, and acted as Regional Executive Director for Asia Pacific with specific oversight of new business development in China. Simon is a member of the boards of Rio Tinto, where he chairs the Audit Committee, and the Ministry of Defence, where he chairs the Audit and Risk Assurance Committee. He is also a member of board of PetroChina, where he is a member of the Investment and Development Committee. He joined the Board at Lloyds Banking Group in 2014 and Chaired the Audit Committee for three years before resigning from the Board at the end of September 2020. Simon was previously a member of the Main Committee of the 100 Group of UK FTSE CFOs and Chair of the European Round Table CFO Taskforce, and remains a member of the Advisory Board of the Centre for European Reform, a UK based think tank. He provides advisory services to a venture capital company through Oxford Sciences Innovation. He is a Fellow and member of the Advisory Panel of CIMA (Chartered Institute of Management Accountants), and a Trustee of the Cambridge China Development Trust. Simon was born in the UK in 1961 and joined Shell after graduating in Mathematics from Churchill College, University of Cambridge in 1982, initially working as an engineer at Stanlow refinery in the UK. Simon will serve as the Senior Independent Non-Executive Director from completion of the Transaction.

(F) Anne Stevens (Independent Non-Executive Director designate)

Anne Stevens has over 30 years of experience in manufacturing and management, becoming the first female Vice President Executive of Ford Motor Company and the first female CEO of Carpenter Technology. Anne started her career in 1980 at the Exxon Chemical Company, where she served in multiple engineering and manufacturing positions before joining the Ford Motor Company in 1990 as a marketing specialist. She became Vice President of North America Vehicle Operations in 2000 and Chief Operating Officer for the Americas in 2005. She was the recipient of various awards including the Shingo Prize for Leadership and the Eli Whitney Award from the Society of Manufacturing Engineers, resulting in her being honoured by the Automotive Hall of Fame. Anne served as Chairman, President and CEO of Carpenter Technology from 2006 until 2009. In 2018 she was appointed as CEO of GKN Aerospace on an interim basis to prevent a hostile takeover. Anne has also previously served as chairman, CEO and principal of SA IT from 2011 to 2014, as a non-executive director on the board of XL Group from 2014 to 2018 (where she chaired the operations and technology committee and served on the risk and finance and audit committees) and Lockheed Martin from 2002 until 2017 (where she chaired the management development and compensation committee and served on the audit, ethics and sustainability and nominations committees). She has been a non-executive director at Anglo American since 2012 (where she chairs the remuneration committee and serves on the audit and nomination committees). Anne received a B.S. in Materials and Mechanical Engineering from Drexel University in 1980 and was elected to the National Academy of Engineering in 2004. Anne will serve as chairman of the Remuneration Committee from completion of the Merger.

G) Anne Marie Cannon (Independent Non-Executive Director designate)

Anne Marie Cannon joined Premier Oil's Board as a Non-Executive Director in February 2014. She has over 30 years' experience in the energy and banking sectors, including roles at Thomson North Sea, Shell Exploration and Production and J Henry Schroder Wagg. She was previously a senior advisor to the natural resources group at Morgan Stanley, focussing on upstream mergers and acquisitions. She is currently the deputy chair of the board of Aker BP ASA, a non-executive director of Aker Energy AS, a non-executive director of STV Group plc and chairs the remuneration committee of STV Group plc. She is also a Senior Advisor at PJT Partners Inc. She has previously held executive director roles on the boards of Hardy Oil and Gas and British Borneo. Anne Marie is currently a member of Premier's Audit and Risk Committee, the Nomination Committee and the Remuneration Committee.

Breakdown of Chrysaor's 2P reserves and 2C resources (net to Chrysaor, mmboe) as at 30 June 2020 (as per ERCE's CPR)

	2P reserves¹	2C resources¹
AELE Hub	75	145
J-Area	137	50
Greater Britannia Area	60	62
East Irish Sea	19	20
Beryl Area	28	30
Buzzard	45	-
Clair Area	49	37
Elgin Franklin	52	3
Schiehallion	24	3
Bressay		19
Norway		19
Other	1	
Total	491	388

¹As per ERCE's CPR, rounded to the nearest 1 mmboe

Expected timetable of principal events

Announcement of the Merger and Debt Restructuring	6 October 2020
Publication and posting of the Prospectus, the Circular, the Notice of General Meeting and Forms of Proxy	16 December 2020
Latest time and date for receipt of Forms of Proxy	2pm on 8 January 2021
General Meeting	12 January 2021
English Court hearing to convene the English Restructuring Plan Creditor Meetings	19 January 2021
Scottish Court hearing to convene the Scottish Restructuring Plan Creditor Meetings	25 January 2021
Restructuring Plan Creditor Meetings	22 February 2021
English Court hearing to sanction the English Restructuring Plan	9 March 2021
Scottish Court hearing to sanction the Scottish Restructuring Plans	19 March 2021
Readmission and Admission and dealings in New Ordinary Shares, fully paid, commence on the London Stock Exchange	by 8am on 29 March 2021
Completion of the Merger and Debt Restructuring becomes effective	29 March 2021