

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

If you are in any doubt as to the action to be taken, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, another appropriately authorised independent professional adviser, without delay.

If you have sold or otherwise transferred all of your ordinary shares of 0.1p each (“Ordinary Shares”) in Nostra Terra Oil and Gas Company plc (“Nostra Terra” or the “Company”), please send this document, together with the accompanying documents, as soon as possible, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or transferred only part of your holding of Ordinary Shares, you should retain these documents, and consult the person through whom the sale or transfer was effected.

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# Nostra Terra Oil and Gas Company plc

*(incorporated in England and Wales with registered number 05338258)*

Notice of General Meeting as requisitioned on behalf of Eridge Capital Limited (formerly New World Oil and Gas plc)  
and  
Unanimous recommendation of your Board to vote **AGAINST** the proposed resolutions

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**This document should be read as a whole. Your attention is drawn to the Letter from the Chairman of the Company, which includes a recommendation that you vote against the resolutions to be proposed (the “Resolutions”) at the general meeting of the Company (the “General Meeting”).**

A notice convening the General Meeting, to be held at the offices of Druces LLP at Salisbury House, London Wall, London EC2M 5PS at 11.00 a.m. on 3 March 2020, is set out at the end of this document. Shareholders of the Company (“Shareholders”) are requested to complete and return the enclosed form of proxy (“Form of Proxy”) to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, as soon as possible, but in any event so as to arrive no later than 11:00 a.m. on 28 February 2020, whether or not they propose to be present at the General Meeting.

**EVERY SHAREHOLDER’S VOTE IS IMPORTANT – PLEASE COMPLETE AND RETURN YOUR FORM OF PROXY AS SOON AS POSSIBLE.** Completion and posting of the Form of Proxy will not prevent a shareholder from attending and voting in person at the General Meeting.

**A summary of the action to be taken by shareholders is set out on in the Letter from the Chairman. Whether or not you intend to be present at the General Meeting,**

**please complete and return the enclosed Form of Proxy as soon as possible and in any event so as to arrive by not later than 11.00 a.m. on 28 February 2020.**

The Directors accept responsibility for the information contained in this document other than the Eridge Statement, which has not been verified. To the best of the knowledge and belief of all the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document (other than the Eridge Statement) is in accordance with the facts and does not omit anything likely to effect the import of such information.

# LETTER FROM THE CHAIRMAN

## NOSTRA TERRA OIL AND GAS COMPANY PLC

*(incorporated in England and Wales with registered number 05338258)*

Finsgate, 5-7 Cranwood Street, London EC1V 9EE

### *Directors:*

Ewen Ainsworth (Non-Executive Chairman)

Matthew Lofgran (Chief Executive Officer)

John Stafford (Non-Executive Director)

*To the holders of Ordinary Shares and, for information purposes only, to holders of options and warrants*

12 February 2020

Dear Shareholder,

### **NOTICE OF GENERAL MEETING**

As Chairman of Nostra Terra, I invite you to a General Meeting of the Company to be held at 11:00 a.m. on 3 March 2020 at the offices of Druces LLP, Salisbury House, London Wall, London EC2M 5PS.

### **Background**

On 17 January 2020, the Company announced that it had received a letter from Eridge Capital Limited ("Eridge") (formerly New World Oil and Gas plc), dated 15 January 2020, requisitioning a general meeting of the Company's shareholders (the "First Requisition").

The First Requisition proposed that, *inter alia*, Shareholders be asked to consider resolutions to remove Matt Lofgran from the Board of Directors of Nostra Terra (the "Board"); to appoint Andrew Morrison to the Board; and to remove any Directors that may be appointed in the period between the date of the First Requisition and the proposed general meeting.

On 24 January 2020, having reviewed the First Requisition with its advisers, the Company announced that the First Requisition had been deemed as valid.

On 3 February 2020, the Company announced that, on 31 January 2020, it had received a further letter from Eridge validly requisitioning a second general meeting of the Company's shareholders (the "Second Requisition" and, together with the First Requisition, the "Requisitions"). The Second Requisition proposed that Shareholders be asked to consider resolutions to remove myself (Ewen Ainsworth) from the Board; and to remove any Directors that may be appointed in the period between the date of the Second Requisition and the proposed general meeting.

On 5 February 2020, the Company announced that the Board believed that it was in the best interests of the Company and its Shareholders as whole to consider the Requisitions at a single general meeting rather than to incur the additional costs and expenses associated with publishing two separate Shareholder circulars. In addition, the Second Requisition was received along with a statement from Eridge to Shareholders concerning the Requisitions (the “Eridge Statement”) for inclusion in the circular. The Eridge Statement, which has not been verified, is set out as an appendix to this circular. The Directors do not accept responsibility for anything contained within the Eridge Statement.

**Accordingly, the purpose of this circular is to convene a General Meeting of the Company at which the Resolutions will be put to a vote of the Shareholders. For each of the Resolutions to be passed, more than half of the votes cast must be cast in favour of such Resolution. In this letter, I set out the reasons why the Board considers that the Resolutions are not in the best interests of Shareholders and explain why Shareholders should vote AGAINST the Resolutions.**

The Board has provided Eridge multiple opportunities to present its business case for changes (or not) to the Company’s business model, but no concrete plan has been forthcoming. The Board does not believe that Eridge has a credible business proposition with regard to the future of Nostra Terra; the Directors have certainly not seen any evidence of one to date.

Furthermore, if Eridge succeeds and the Resolutions are passed by Shareholders, the Company will be left with two Directors and no Chairman. The Chairman is elected by the Board and, in this event, the two Directors may not agree on which such Director should be appointed Chairman and, therefore, the Board could be deadlocked. If this scenario arises, it is likely, in the opinion of the Board, that additional shareholder meetings will be necessary, at further expense to the Shareholders, and further distracting the then reduced Board from overseeing the Company’s operations.

Additionally, there is the possibility that Mr Stafford may end up as the only Director. Nostra Terra is required to have two or more Directors under the Companies Act 2006 and pursuant to its articles of association (“Articles”). In addition, in this event, it is likely that the Company will be unable to discharge its management and operating duties sufficiently pursuant to the AIM Rules to the Companies (“AIM Rules”), which may result in trading in the Ordinary Shares on AIM being suspended until such time as a suitable Board has been established. The Board believes that Eridge has not thought through the implications of its strategy at all, which, when the history of Eridge itself, formerly an AIM-listed company under the name New World Oil and Gas plc, which was de-listed and re-domiciled from Jersey to the British Virgin Islands is also considered, should, in the Board’s view, be of major concern to Shareholders.

**Accordingly, the Board unanimously recommends Shareholders to vote AGAINST the proposed Resolutions, as they intend so to do in respect of their own beneficial holdings, which amount, in aggregate, to 10,309,632 Ordinary Shares, representing approximately 5 per cent. of the issued share capital of the Company.**

## THE RESOLUTIONS

Set out below is a rebuttal of the Resolutions to be considered at the General Meeting, all of which will be proposed as ordinary resolutions. This means that for each of the Resolutions to be passed, more than half of the votes cast must be cast in favour of such Resolution.

**The Board's response to the Requisitions is provided below.**

I write in my capacity as Chairman of the Board. The Board has considered the Requisitions and has the following observations and recommendations by way of response.

Firstly, I shall address the Requisitions in a general sense and then respond in more detail to each specific point, highlighting where necessary information and observations, which may be of use to Shareholders in forming a considered opinion.

### General Opinion

It is the Board's firm belief that the proposals outlined in the Requisitions are not to the benefit of Shareholders. The Requisitions are an opportunistic way of trying to gain board control of a public listed company, whilst not providing any succession planning, new strategic direction or even a basic business plan to accompany the proposed changes.

The Board is acutely aware of the disappointing share price performance over the last twelve months, which has been a difficult period for the small cap oil and gas sector, but it strongly believes that the fundamentals of the underlying business are sound and are improving.

The Company's near-term work plan is designed to grow production by approximately 50%, whilst minimising costs, over the next twelve months and as set out in more detail below. The Board recognises the need to augment the Board through suitable Board appointments to bring in new thinking and challenge ideas and opinions. Prior to receipt of the First Requisition, we had talked to several high calibre candidates about joining the Board but the Requisition process and the build-up to it has not allowed the Board to execute this strategy. In short, we have a plan to grow the Company, increase production, minimise costs and generate shareholder value; the Board believes the proposals underpinning the Requisitions would prevent us from delivering this and therefore we strongly recommend that Shareholders should vote **AGAINST** the Resolutions.

I shall now review the specific demands/proposals of Requisitions, taking each Resolution in turn.

#### *Resolution 1: to remove Matthew Lofgran from the Board*

Mr Lofgran has been a Board member and CEO of Nostra Terra for 10 years; it is he who has personally negotiated most of the transactions completed by the Company over this time. Since the adoption of the Company's new strategy in 2016, as detailed in each of

the 2016, 2017 and 2018 Annual Report and Accounts (please refer to the Chairman's Report in each), this has included, *inter alia*:

- Acquisition of the Chisholm Trail asset, which was sold for US\$2.73 million in 2016 and yielded a profit
- Acquisition of both the Pine Mills and the Permian Basin (where the Twin Well and G6 well were both successfully drilled) producing assets, with combined production, during December 2019, of 127 barrels of oil per day ("bopd") bopd gross, 93 bopd net to Nostra Terra
  - Total revenue in 2018 before the benefit of hedging was US\$2.3 million
- Acquisition and Field Development Plan of the Mesquite Asset, West Texas
- Negotiation of the Washington Federal Bank ("WAFD") loan facility (the "Loan Facility"), which has a current outstanding balance of approximately US\$1.74 million
- Negotiation of hedging contracts with BP

Through discussion with Eridge, it is apparent that they wish Matt Lofgran to remain an employee, at least initially and, strangely, in the Board's opinion, that he should continue to lead the Company as the only full time executive, even if removed from the Board. However, there is, of course, no guarantee that, if Mr Lofgran were to be removed from the Board, he would remain with the Company. Therefore, the removal of Mr Lofgran from the Board could well mean his exit from the Company.

The Board firmly believes that removal of Mr Lofgran from the Board and from the Company would not benefit the Company in any way. He is the only executive of the Company and he has the primary knowledge of all the Company's current assets and contracts, including financing, in the US and he has a clear vision and executable strategy for growth. The relationships Mr Lofgran has developed with our lenders in the USA, our contractors in the industry and with our operational staff in the field are far too valuable to be discarded based on a perceived past twelve-month difficult spell. It is short sighted to suggest Mr Lofgran's removal, especially in view of Eridge's proposed replacement, which is considered under Resolution 3.

In relation to the Loan Facility, the loan documentation contains a number of customary negative covenants required by WAFD, one of which relates to the ongoing appointment of Matt Lofgran as President of the Company's subsidiary, New Horizons Energy 1 LLC ("New Horizons") (the "key man clause"). The key man clause stipulates that New Horizons must obtain written consent from WAFD prior to Matt Lofgran ceasing to be President of New Horizons. Otherwise New Horizons will have 30 days to remedy the situation or it will be in default of the Loan Facility and the outstanding principal and interest will immediately become due.

In the event Matt Lofgran is voted off the Board at the Company's forthcoming General Meeting, there is no guarantee that Mr Lofgran would remain as an employee of the Nostra Terra group, and therefore as President of New Horizons. Indeed, if Matt Lofgran does stay as an employee, he may choose to resign as President of New Horizons. Accordingly, the Company's Board at such time would seek the written consent of WAFD to waive the key man clause. However there is clearly a risk that this would not be given, a risk the Board believes is increased by this unwelcome General Meeting. Shareholders should

note that the outstanding balance under the Loan Facility is approximately US\$1.74 million.

The Board believes that the confidence that Matt Lofgran has brought to WAFD, not only in negotiating the Loan Facility initially, but also in managing it since, through the drawdown and repayment of funds, and the structured hedging of the oil price for the Company's production, should not be underestimated by Eridge or other Shareholders. Matt Lofgran has also worked actively with WAFD on potential acquisition opportunities and WAFD has been very supportive, providing letters of support regarding the potential for a significant increase in the facility size and borrowing base.

Given this material and important relationship that the Company has with WAFD, not only with regard to the existing Loan Facility, but also potential access to further funds if the right growth opportunity presents itself, the Board believes that the removal of Matt Lofgran from the Board is counter-productive to shareholders' interests.

**The Board recommends that Shareholders vote against this Resolution.**

*Resolution 2: to remove Ewen Ainsworth from the Board*

Ewen Ainsworth joined Nostra Terra as Non-Executive Chairman in 2015. Ewen has over 30 years upstream oil and gas finance experience with a vast array of commercial, legal and most importantly financial contacts within the City and beyond. In the opinion of the Board, he has, over this time, along with Matt Lofgran, been instrumental in structuring the Company's financial position in terms of the type and composition of the borrowing undertaken. Furthermore, he has provided advice and expertise on a consultancy basis to assess commercial risk, corporate structures and lending vehicles suitable to the Company and of benefit to its shareholders. He chairs the Board's Audit and Remuneration Committees and is in the process of restructuring the finance function within the business.

Ewen has demonstrated his commitment to the Company and his belief in the Board by accepting a significant part of his remuneration in shares instead of cash. Crucially, he also has loaned the Company £382,000 (of which £268,000 plus unpaid interest is outstanding) in two tranches over the last four years to help avoid dilution to Shareholders. Thus, he is personally invested in seeing the Company grow and its share price performance improve; removing Ewen would be an extremely high risk strategy as a replacement may not be so personally motivated and would have to absorb five years' experience and relationships almost instantly.

**The Board recommends that Shareholders vote against this Resolution.**

*Resolution 3: to appoint Andrew Morrison to the Board*

The Board has met Mr Morrison and finds him personable. However, other candidates reviewed by the Board as part of its already ongoing process prior to the receipt of the First Requisition, would, the Board believes, be a better fit for the Company. The most relevant corporate history in relation to Mr Morrison for Nostra Terra Shareholders to note is the failure of Silvermere Energy plc ("Silvermere"), which had oil and gas assets in Texas (where Nostra Terra is an operator and all of its asset are currently located), which, under

Mr Morrison's leadership as founder and CEO, was suspended from trading on AIM and entered into a company voluntary arrangement ("CVA") within two years of listing (at which point Mr Morrison resigned) after which the company changed its name and strategy. Over this two-year period (where oil prices were largely in the US\$90 per barrel range) Mr Morrison failed to build a portfolio for Silvermere and ultimately the company entered into a CVA, failing on a single well.

Further information relating to Mr Morrison is set out below in compliance with the AIM Rules for Companies:

***Andrew John Gowdy Morrison (aged 59)***

<b>Current directorships/partnerships</b>	<b>Past directorships/partnerships (last five years)</b>
Spinnaker Opportunities plc Spinnaker Management Resources Ltd	None

Between 31 August 2011 and 16 August 2013, Mr Morrison was a director of Silvermere, which entered into a CVA with its creditors on 16 August 2013, with a deficiency to creditors of £1.2 million. The CVA completed on 20 December 2013, pursuant to which creditors were issued shares in Silvermere, which was then renamed Tern plc.

**The Board recommends that Shareholders vote against this Resolution** as existing higher calibre candidates have already been identified to strengthen the Board.

*Resolution 4: to remove any Directors appointed subsequent to receipt of the Requisitions and the General Meeting*

The Board does not anticipate any appointments in this period.

The Company has been considering appointing additional Directors to the Board and, prior to the receipt of the Requisitions, had held discussions with a number of experienced potential appointees, with strong track records in the sector, to strengthen the Board and to assist in implementing its plans for the Company. The Requisitions and other interference from Eridge, including inappropriately contacting two candidates directly (which the candidates relayed to the Board), has made this process more difficult and delayed any potential appointments. In the event the Resolutions do not pass, the Board will continue to expedite this process once again.

**The Board recommends that Shareholders vote against this Resolution.**

**RESPONSE TO ERIDGE STATEMENT**

The Board disagrees with the overall sentiment of the Eridge Statement, which is set out as an appendix to this circular, and wishes to draw Shareholders' attention to the following:

## **1. Loans by Directors**

Two of the Company's Directors, being myself and John Stafford, provided loans to enable Nostra Terra to crystallise certain significant opportunities, being the original acquisition of Pine Mills and the drilling of the G5 well in the Permian Basin, without diluting shareholders through the issue of further equity.

I advanced £230,000 funds for the initial acquisition of Pine Mills with an initial interest rate of 10% and reduced to 7.5%. This loan, including any unpaid interest, is immediately repayable by the Company on demand by myself. At the end of January 2020, the outstanding balance was £230,000 plus unpaid interest.

John Stafford and I advanced a loan of, in aggregate, £287,000 to drill the G5 well, with an interest rate of 7.5%. This loan, including any unpaid interest, is immediately repayable on demand by either Mr Stafford or myself. At the end of January 2020, the outstanding balance was £71,750 plus unpaid interest.

The loans were announced as related party transactions under the AIM Rules at the time they were provided and have been disclosed as related party transactions in the Company's annual report and accounts.

Your Non-Executive Directors have been financially supportive of the development of the Company, accepting risk and demonstrating faith in Matt Lofgran. These loans were provided in order to assist the Company whilst minimising dilution to shareholders.

Shareholders should note that the loans provided by the Directors are repayable on demand.

## **2. Directors Fees and Remuneration**

Matt Lofgran's annual remuneration is US\$250,000 and his service agreement contains a six-month notice period. Matt Lofgran's role as CEO, director and/or employee can be terminated, subject to his notice period running, at any time. There have been no further payments or benefits accruing to Mr Lofgran such as a pension, bonus or healthcare, as would be normal for a CEO of his calibre. The Board believes that the level of remuneration for Matt Lofgran as CEO, and the sole executive director of the Company, is appropriate given the wide range of responsibilities and demonstrated ability to grow the Company. 2018 reported revenue of US\$2.3 million with field operations achieving a gross profit, and we are expecting 2019 to be similar. The plan for 2020 is designed to increase revenues significantly and to cover the overheads of the business. In 2020, led by Matt Lofgran, it is intended that the costs of the business will be covered by the increased annual revenue. This should provide a solid foundation, de-risked over a portfolio of wells, for continued further growth.

My director fees, which are paid to me directly, and consultancy fees, which are paid to Discovery Energy Limited ("Discovery"), a company that I control, are, in aggregate, £50,000 per annum of which £30,000 is paid in cash and £20,000 in shares. In addition, a further £21,500 annually on average is incurred by the Company for additional services provided by Discovery.

During 2018, my total fees, including consultancy fees, were:

<b>Director fee</b>	£16,667
<b>Consultancy fee</b>	<u>£33,333</u>
<b>Sub-total</b>	£50,000
<b>Additional Consultancy</b>	£38,650
<b>Prior year adjustment</b>	£2,500
<b>Total</b>	<u>£91,150 at £1 = US\$1.33458 = US\$121,647</u>

As set out above, the Directors have been financially supportive of the Company, deferring payment in order to progress the business. Currently around £91,000 of fees are outstanding to me personally and Discovery relating to 2018 and 2019. Hence, whilst director and consultancy fees may have been accrued in the Company's accounts as being due, there is usually a considerable time lag before payment is made in order to preserve cash in the business, which relies on the forbearance of the relevant Directors. The director fee for John Stafford is £30,000 per annum and currently £12,500 is outstanding. Given the limited human resource at the Company's disposal, it is entirely reasonable that the Company accesses suitable additional skills, at competitive consultancy rates, when needed.

Amounts owed to Directors should also be viewed in the context of the substantial funds provided via these Director loans and the current outstanding balances.

### **3. Directors interests in the Company**

The interests of the Directors are aligned with other Shareholders in Nostra Terra through either Ordinary Shares that they hold or various warrants and options. These interests provide compelling incentive to the Directors in order to grow the business and drive future value for all Shareholders. The potential value to be realised from a successful strategy is many times that realised from the remuneration the Directors may receive as a result of that success.

The warrants and options granted to the Directors have been designed, being priced out of the money at the time of grant, to reward significantly other Shareholders with value accretion before they can be exercised by Directors.

### **4. Communications with Eridge**

Nostra Terra has, during 2019 and early 2020, sought to engage positively with Ben Turney, a director of Eridge, via email, telephone calls and meetings. In this process, the Board has listened to his concerns and proposals, spending a significant amount of time doing so.

Mr Turney's communications with the Company have focused on an overhaul of the Board, including the appointment of a new Executive Chairman, as well as verbally demanding rights for Eridge to appoint two further directors to the Board, with Mr Lofgran accepting a reduced role on the Board, moving from CEO to COO, while remaining on the Board.

Whilst the Board strongly felt that the proposals contained in these communications to it were not in the best interest of Shareholders, it still endeavoured to communicate positively and constructively with Mr Turney, including commencing due diligence and background checks on Mr Morrison.

Within a week of the demands outlined above, a second plan was put forward by Mr Turney, involving the appointment of Mr Morrison as Executive Chairman, but not requiring the removal of the other Directors. However, shortly after this, Mr Turney changed his mind again, this time demanding Mr Lofgran step down from the Board completely, which was followed in due course by the same demand regarding me.

The ideas put forward by Mr Turney were always closely scrutinised by the Board and the Board sought to enter into dialogue with Mr Turney. It is the Company's belief that should Eridge have entered into a constructive and open dialogue, Eridge's stated concerns could have been addressed and a way forward for the Company agreed. The Board's attempts to engage constructively with Eridge have been rejected and we believe that Eridge's intent all along has been effectively to take control of the Company by taking control of the Board. In the Board's view, Mr Turney has never seriously positively engaged with us in order to find a compromise. A compromise, in the Board's belief, would be an outcome in the best interests of ALL Shareholders.

In addition, Eridge has never presented a plan for the future direction of the Company. Given this, the Board expects it would be a period of tremendous uncertainty for Nostra Terra should Mr Lofgran and/or myself be removed from the Board. In the Board's view, Eridge and Mr Turney are seeking to place their own interests before those of all other Shareholders.

## **5. Corporate Governance**

Eridge has stated that there was a failure to report a critical banking covenant, being the key man clause relating to Matt Lofgran. This is not accurate, being normal terms of business with lending agreements, where banks often require such a clause, and to suggest otherwise is in the view of the Board highly misleading. The key man clause has only become relevant in the context of Resolution 1 to be proposed at the General Meeting regarding the removal of Matt Lofgran.

It is certainly true that Nostra Terra is a small company with low overheads and a small management team and, therefore, by definition, the risk associated with the loss of a senior employee is much different to that within larger organisations. Matt Lofgran, as CEO, leads the entrepreneurial and operational activity of the Company which is overseen and scrutinised by the Non-Executive Directors.

Given Eridge's focus on corporate governance, the Board finds it ironic that, when Mr Turney became a director of, and took control at, New World Oil and Gas plc ("New World"), in relation to the company's migration to the British Virgin Islands ("BVI"), *"a number of shareholders...raised concerns about the proposed move to the BVI"*. In an attempt to assuage the concerns of New World shareholders, New World said: *"New World is required to have an annual audit and to present the accounts to shareholders each year"* and *"New World is required to host its Annual General Meetings in the United Kingdom."*

The Board notes that Eridge's website, as at 12 February 2020, shows that in the last two years since New World migrated to the BVI, it has neither published any accounts nor held any annual general meetings in the UK. The Board believes that this failure to adhere to standards of corporate governance should concern all our Shareholders.

## **6. 2020 Workplan**

The Board now wishes to provide Shareholders with some insight into the workplan it wants the Company to execute in 2020 (the "2020 Workplan") with a target for year end to grow production by approximately 50% from current levels. We share this to demonstrate that a firm growth strategy is in place and to show that adoption of the Eridge proposals would, in the Board's view, significantly damage our ability to deliver the shareholder growth envisaged.

The 2020 Workplan is designed to be the 'low cost, high impact production growth plan'. This focuses on minimising capital expenditure, whilst growing production and revenues. There are several key steps identified in delivering this:

### *Pine Mills*

- Identified 3 well workover candidates which each could add 6-10 bopd production for a total cost of approximately US\$75k
- Repair casing at an existing shut-in well adding approximately 10 bopd for a capital expenditure of approximately US\$100k
- Expand electricity infrastructure to allow more pumps and tank batteries to be placed into production (largely complete)
- Increase water handling capacity to boost reliability and field run-time for a cost of approximately US\$100k
- Potential farm-in for a portion of Pine Mills, wherein a well would be drilled and Nostra Terra would a carried working interest

### *Permian Basin*

- Plug uneconomic well to eliminate expense of water handling for a cost of approximately US\$20k
- Potential purchase of target lease nearby at a cost to be determined
- Perform completion on existing well and recompletion of other wells at the potential acquisition site, which has the potential for 20+ bopd for a cost of approximately US\$150k

As can be seen from the above, the 2020 Workplan does not envisage significant capital expenditure. Whilst the Company has been looking to finance the capital expenditure and working capital of the Company via operational cashflow, the Board recognises that in order to accelerate the plan to increase production by 50%, further funds will need to be raised. To this end the Company is in advanced discussions with a funding provider to raise finance, although there is no guarantee that this can be finalised satisfactorily.

There are also transactions and opportunities about which the Board is talking to interested parties and hopes to execute in due course.

In summary, the Board believes that Shareholders will be best served by **rejecting** the Eridge proposals, voting **AGAINST** the Requisitions and allowing the current Board to continue to strengthen, grow and execute its growth strategy for this year and beyond.

### **Action to be taken**

You will find enclosed with this document a Form of Proxy for use in connection with the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete the Form of Proxy in accordance with the instructions printed on it so as to be received by Share Registrars Limited as soon as possible, but in any event no later than 11.00 a.m. on 28 February 2020. Alternatively, if you hold shares in CREST, you can appoint a proxy electronically by using the CREST electronic proxy appointment service.

**EVERY SHAREHOLDER'S VOTE IS IMPORTANT – PLEASE COMPLETE AND RETURN YOUR FORM OF PROXY AS SOON AS POSSIBLE.**

Completion of the Form of Proxy will not preclude you from attending and voting at the General Meeting should you so wish.

### **Recommendation**

**For the reasons set out in this letter, your Board believes that Resolutions 1-4 (inclusive) will not promote the success of, and are not in the best interests of, the Company and its Shareholders as a whole.**

**Your Board therefore unanimously recommends that you vote AGAINST Resolutions 1-4 (inclusive), as the Directors intend so to do in respect of their own beneficial holding of, in aggregate, 10,309,632 Ordinary Shares, representing approximately 5 per cent. of the issued share capital of the Company.**

**Shareholders should note that in the event that Resolutions 1 and 2 are passed but Resolution 3 is voted down, the Company will have only one Director, which is in breach of the Companies Act 2006 and the Company's Articles. In addition, in this event, it is likely that the Company will be unable to discharge its management and operating duties sufficiently pursuant to the AIM Rules, which may result in trading in the Ordinary Shares on AIM being suspended until such time as a suitable Board has been established.**

Yours faithfully

Ewen Ainsworth  
Chairman

## APPENDIX

### ERIDGE STATEMENT

#### **Eridge Capital statement to shareholders concerning the General Meeting requisitioned on 15 January 2020**

To the Shareholders of Nostra Terra Oil & Gas Plc (“Nostra Terra” or the “Company”),

It is with deep regret that Eridge Capital (“Eridge”) has requisitioned this General Meeting.

As you all know, Eridge has been a long-standing supporter of Nostra Terra.

At the start of last year the Company appeared to have built a solid foundation to grow its business upon.

In the first half of 2018, Nostra Terra successfully drilled two new producing oil wells in the Permian Basin. The Company reported it was cash flow positive for the month of February that year and, in August 2018, that it had generated record revenue in H1.

In October 2018, the Company acquired its first 1,384 net acres of the Mesquite Asset in the Permian Basin (“Mesquite”). It followed this by engaging Trey Resources Inc., a specialist engineering firm with experience in developing Permian assets, to create a Field Development Plan for Mesquite. This was completed in January 2019 and the Company released details of the related Engineered Economics Report, which assigned a \$21.6 million NPV10 valuation to the initial 1,384 net acres at Mesquite on the basis of 2.4 million barrels of recoverable oil.

In that January Nostra Terra also secured an option over an additional 600 net acres at Mesquite (to take its total potential net position here to 1,984 acres). The Company opened a data room to help secure a farm-in for this project. The board had previously claimed, in November 2018, that it had received *“four unsolicited expressions of interest from potential industry partners”*, which it believed was *“a promising indicator for the future development of Mesquite”*.

Subsequently, in February 2019, Nostra Terra raised £1.15 million and Miton Group took a 10.17% strategic stake in the Company.

Eridge also participated in that fundraise, in the belief it had bought into a compelling turnaround story on AIM.

The funds should have presented Nostra Terra with a wonderful opportunity to grow its business.

Unfortunately, the current board of directors failed to take advantage of this.

It is now nearly twelve months later and there has been absolutely no discernible, meaningful progress in the Company whatsoever.

In recent months we, the directors of Eridge, have attempted to engage positively with Matt Lofgran (Nostra Terra’s Chief Executive Officer) and Ewen Ainsworth (the Company’s Chairman) to

encourage them to address critical issues in the Company's direction, its leadership, its lack of progress and its waning reputation in the market.

Regrettably, our efforts were in vain.

It has, unfortunately, become clear to us over this time that neither Mr Lofgran nor Mr Ainsworth is suited to the demands and obligations of being a successful director of a publicly listed company.

It is our strong belief that both men have been putting their own interests before those of Nostra Terra and its shareholders.

More disturbingly, as we exhausted all options in attempting to engage positively with Mr Lofgran and Mr Ainsworth and experienced more of their behaviour, we have become increasingly alarmed at what we believe represent significant failures in corporate governance at Nostra Terra.

Nostra Terra applies the QCA Corporate Governance Code (the "QCA Code").

In this context, our key concerns about the poor state of corporate governance at Nostra Terra include, but are not limited to, the following:

- A failure by the board to report to the market a critical banking covenant, which the Chairman claimed he was not aware of as late as mid-January 2020
- A failure to set appropriate levels of remuneration for a company of Nostra Terra's size
- A failure to scrutinise and hold to account Nostra Terra's senior management in its delivery of publicly announced objectives
- A fostering of a corporate culture in which the Chief Executive Officer has been permitted to act as he pleases with woefully inadequate oversight
- A failure to exercise appropriate due caution in risk management, especially key-man risk to the business

We expect the Company will make its response to the above and welcome any public statement it makes to counter our concerns. It has so far refused to respond directly to Eridge.

With respect to remuneration and we recently learned that on 16 August 2018 Nostra Terra's remuneration committee, which is chaired by Mr Ainsworth, awarded Mr Lofgran a new service agreement. Notable terms of this service agreement include:

1. The agreement was backdated to 01 January 2018, at which time it became effective
2. Mr Lofgran's basic salary was increased to \$250,000 a year
3. There is a six month notice period in the event of Mr Lofgran's termination as a director of the Company
4. Mr Lofgran is permitted to continue working for the Company or its subsidiaries, even if not a director of the Plc
5. This agreement remains in force today

With respect to Mr Ainsworth's service agreement, we learned that this was dated 22 June 2015 and it stipulates that Mr Ainsworth is entitled to receive £16,667 as an annual fee for provision of his services as "chairman". Related to Mr Ainsworth's service agreement, we note:

1. According to Nostra Terra's audited accounts for 2018, Mr Ainsworth was paid \$121,647 in fees during that year. No explanation has been given for the increase.
2. In the event that Mr Ainsworth is terminated from the board of Nostra Terra there is no notice period and he shall only be paid fees that are outstanding.

As a significant shareholder, Eridge believes it is time to resolve the wider malaise that has afflicted Nostra Terra, its management and strategic focus.

Shareholders now have the opportunity to vote on the future direction of their company.

Eridge is convinced that by supporting the resolutions, this will set Nostra Terra on a new, brighter path to value creation, by building on the foundation that remains in place, significantly cutting Plc overhead (and director pay) and substantially improving corporate governance and oversight.

Join us in saving our company.

## **NOSTRA TERRA OIL AND GAS COMPANY PLC**

Finsgate, 5-7 Cranwood Street, London EC1V 9EE

### **Notice of General Meeting**

Notice is hereby given that a General Meeting of Nostra Terra Oil and Gas Company Plc (the "Company" or "Nostra Terra") will be held at the offices of Druces LLP at Salisbury House, London Wall, London EC2M 5PS on 3 March 2020 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following Resolutions which will be proposed as ordinary resolutions.

### **ORDINARY RESOLUTIONS**

1. That, pursuant to the provisions of Section 168 of the Companies Act 2006 (the "Act") and Article 132 of Nostra Terra's Articles of Association, Matthew Lofgran shall be removed as a director of Nostra Terra.
2. That, pursuant to the provisions of Section 168 of the Act and Article 132 of Nostra Terra's Articles of Association, Ewen Ainsworth shall be removed as a director of Nostra Terra.
3. That, subject to the passing of Resolution 1 and pursuant to Article 133 of Nostra Terra's Articles of Association and he having given notice in writing to Nostra Terra of his willingness to act as a director, Andrew Morrison be appointed as director of Nostra Terra instead of Matthew Lofgran.
4. That, pursuant to the provisions of Section 168 of the Companies Act 2006 (the "Act") and Article 132 of Nostra Terra's Articles of Association, any and all directors appointed as director/s of the Company after the submission of the First Requisition shall be removed as a director of Nostra Terra.

*Registered Office:*  
Finsgate  
5-7 Cranwood Street  
London EC1V 9EE

*By order of the Board*  
International Registrars Limited  
Company Secretary

12 February 2020

### **Notes to the Notice of General Meeting Entitlement to attend and vote**

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members 48 hours (excluding non-business days) before the time of the Meeting shall be entitled to attend and vote at the Meeting.

### **Appointment of proxies**

2. If you are a member of the Company at the time set out in note 1 above, whether or not you are able to attend the meeting, you may use the enclosed form of proxy 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.
3. 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 will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the registrars of the Company, Share Registrars Limited on 01252 821 390.
5. 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 the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

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

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be: completed and signed;

sent or delivered to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, emailed to [voting@shareregistrars.uk.com](mailto:voting@shareregistrars.uk.com) or by facsimile transmission to 01252 719 232; and received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

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.

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.

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

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

### **Changing proxy instructions**

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

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 Share Registrars Limited on 01252 821 390.

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**

9. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:

By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR or by

facsimile transmission to 01252 719 232. 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.

In either case, the revocation notice must be received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

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.

### **Issued shares and total voting rights**

10. As at 12 February 2020 the Company's issued share capital comprised 197,131,903 Ordinary Shares. 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 12 February 2020 is 197,131,903.

### **Communications with the Company**

11. Except as provided above, members who have general queries about the Meeting should telephone Share Registrars Limited on [01252 821390](tel:01252821390) (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of general meeting; or any related documents (including the chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

### **CREST**

12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof 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.

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 & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via [euroclear.com/CREST](http://euroclear.com/CREST)).

The message, regardless of whether it relates to the appointment of a proxy or to 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: 7RA36) by the latest time(s) for receipt of proxy appointments specified above. 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. 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 providers should note that Euroclear UK & Ireland Limited 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 or her 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 CREST 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.

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.

**Form of Proxy for use at the General Meeting**

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**NOSTRA TERRA OIL AND GAS COMPANY PLC**

*(Registered in England and Wales with company number 05338258)*

I, a Member of **NOSTRA TERRA OIL AND GAS COMPANY PLC** (hereinafter referred to as 'the Company') and entitled to vote, hereby appoint the Chairman, or \_\_\_\_\_ as my proxy to attend and vote for me and on my behalf at the General Meeting of the Company to be held on 3 March 2020 at 11:00 a.m. and at any adjournment thereof.

*(Please indicate below how you wish your votes to be cast. If the Form Of Proxy is returned without any indication as to how the proxy should vote on any particular matter, the proxy will vote as they think fit.)*

<b>Ordinary Resolutions</b>	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
1 To remove Matthew Lofgran as a director of the Company.			
2 To remove Ewen Ainsworth as a director of the Company			
3 To appoint Andrew Morrison as a director of the Company.			
4 To remove any and all directors appointed as director/s of the Company after the submission of the First Requisition.			

Signature
Date
Full name
Address

## NOTES

1. Only holders of Ordinary Shares, or their duly appointed representatives, are entitled to attend and vote at the Meeting. A member so entitled may appoint (a) proxy(ies), who need not be (a) member(s), to attend and vote on his/her behalf.
2. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the registrars of the Company, Share Registrars Limited on 01252 821 390.
3. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please insert his/her name and delete "the Chairman of the Meeting or".
4. Please indicate how you wish your proxy to vote by deleting either for or against. Unless otherwise instructed the person appointed a proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting on any particular resolution as he/she thinks fit.
5. A corporation must seal this Form of Proxy or have it signed by an officer or attorney or other person authorised to sign on its behalf. 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 this Proxy Form.
6. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
7. Pursuant to regulation 41 of The Uncertificated Securities Regulations 2001, members will be entitled to attend and vote at the meeting if they are registered on the Company's register of members 48 hours (excluding non-business days) before the time appointed for the meeting or any adjournment thereof.
8. To be valid this Form of Proxy must reach Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR or by facsimile transmission to 01252 719 232 not later than 48 hours (excluding non-business days) before the time of the Meeting. Lodgement of a Form of Proxy does not preclude a member from attending the Meeting and voting in person.