

# HIGHLANDS NATURAL RESOURCES PLC

*(Incorporated and registered in England and Wales under the Companies Act 2006 with registered number 09309241)*

## NOTICE OF ANNUAL GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

**If you are in any doubt as to what action to take, you should consult your stockbroker, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in Highlands Natural Resources plc, please forward this document and the accompanying form of proxy to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.**

Notice is hereby given that the 2017 Annual General Meeting of Highlands Natural Resources plc (the "**Company**") will be held at the offices of DAC Beachcroft LLP, 100 Fetter Lane, London EC4A 1BN at 11.00 a.m. on 31 August 2017 to consider and, if thought fit, to pass the following resolutions. It is intended to propose resolutions 8 and 9 as special resolutions. All other resolutions will be proposed as ordinary resolutions.

### Ordinary Business

1. To receive the Company's annual accounts for the financial year ended 31 March 2017 together with the directors' reports and auditor's report on those accounts.
2. To approve the directors' remuneration report (excluding the directors' remuneration policy, set out on pages 21 to 22 of the directors' remuneration report), as set out in the Company's annual report and accounts for the financial year ended 31 March 2017.
3. To approve the directors' remuneration policy, as set out on pages 21 to 22 of the directors' remuneration report.
4. To re-appoint Jon Melvyn Davies as a director of the Company, who is retiring and, being eligible, is offering himself for re-appointment.
5. To reappoint Saffery Champness LLP as the Company's auditors to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting at which accounts are laid before the Company.
6. To authorise the directors to determine the remuneration of the auditors for the year ended 31 March 2018.
7. THAT the directors of the Company be and are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "**Act**") to exercise all powers of the Company to allot equity securities (as defined in section 560(1) of the Act) in the Company and/or to grant rights to subscribe for or to convert any security into such shares ("**Allotment Rights**"), but so that the maximum amount of equity securities that may be allotted or made the subject of Allotment Rights under this authority are shares with an aggregate nominal value of £1,581,752 representing approximately 33.3 per cent. of the Company's current issued share capital, provided that this authority, unless duly renewed, varied or revoked by the Company, will expire on the date being fifteen months from the date of the passing of this resolution or, if earlier, the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution, save that the Company may, before such expiry, make offers or agreements which would or might require shares to be allotted or Allotment Rights to be granted after such expiry and, the directors may allot shares and grant Allotment Rights in pursuance of such an offer or agreement notwithstanding that the authority conferred

by this resolution has expired.

### **Special Business**

8. THAT, conditional on the passing of resolution 7, the directors be and they are hereby empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash, pursuant to the authority conferred by resolution 7 or by way of a sale of treasury shares as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to:

8.1 the allotment of equity securities in connection with an offer by way of a rights issue, open offer or other offer:

8.1.1 to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

8.1.2 to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any applicable regulatory body or stock exchange;

8.2 the allotment (otherwise than pursuant to sub-paragraph 8.1 above) of equity securities and the sale of treasury shares up to an aggregate nominal amount of £949,051 representing approximately 20 per cent. of the Company's current issued share capital,

provided that the power granted by this resolution will expire on the date being fifteen months from the date of the passing of this resolution or, if earlier, the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution (unless renewed, varied or revoked by the Company prior to or on such date), save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted or treasury shares to be sold after such expiry and, the directors may allot equity securities or sell treasury shares in pursuance of such an offer or agreement notwithstanding that the authority conferred by this resolution has expired.

9. THAT a general meeting of the Company, other than an annual general meeting, may be called on not less than 14 clear days' notice, provided that the authority granted by this resolution shall expire at the conclusion of the next annual general meeting of the Company.

Your Board believes that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors unanimously recommend that the shareholders vote in favour of the resolutions, as they intend to do in respect of their own beneficial holdings of shares in the Company being, in aggregate, 12,200,000 ordinary shares representing approximately 12.85 per cent. of the issued share capital of the Company.

BY ORDER OF THE BOARD

**Jon Melvyn Davies**  
**Company Secretary**  
**8 August 2017**

**Registered office:**  
9 Limes Road  
Beckenham,  
Kent  
BR3 6NS

## **NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING:**

### **Entitlement to attend and vote**

1. Only those shareholders registered in the Company's register of members at:
  - 6.30 p.m. on 29 August 2017 or,
  - if this meeting is adjourned, 48 hours (excluding non working days) prior to the adjourned meeting,shall be entitled to attend and vote at the meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

### **Website giving information regarding the meeting**

2. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, can be found at <http://www.highlandsnr.com>

### **Venue arrangements**

3. Shareholders should note that the doors to the AGM will be open for registration at 10.30 a.m. Mobile phones may not be used in the venue, and cameras, tape or video records are not allowed in the venue.

### **Appointment of proxies**

4. If you are a shareholder who is entitled to attend and vote at the meeting, 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.
5. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this "Appointment of proxies" section. Please read the section "Nominated persons" below.
6. A proxy does not need to be a shareholder of the Company but must attend the meeting to represent you. 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 photocopy the proxy form and insert the number of shares over which the proxy is appointed in the box next to the proxy's name. 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.
7. Shareholders can:
  - Appoint a proxy and give proxy instructions by returning the enclosed proxy form by post (see note 9).
  - Register their proxy appointment electronically (see note 10).
  - If a CREST member, register their proxy appointment by utilising the CREST electronic proxy appointment service (see note 11).

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 and vote in person, your proxy appointment will automatically be terminated.

8. 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 you either select the "Vote withheld" option or 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 by post**

9. 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, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR; and

- received by Share Registrars Limited no later than 11.00 a.m. on 29 August 2017.

In the case of a shareholder 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.

If you have not received a proxy form and believe that you should have one, or if you require additional proxy forms, please contact Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR.

#### **Appointment of proxies electronically**

10. As an alternative to completing the hard-copy proxy form, you can appoint a proxy electronically by visiting the website of the Company's registrars ([www.shareregistrars.uk.com](http://www.shareregistrars.uk.com)). Details of how to register and activate your account are provided on the website. Electronic facilities are available to all members and those who use them will not be disadvantaged.

For an electronic proxy appointment to be valid, your appointment must be received by Share Registrars Limited no later than 11.00 a.m. on 29 August 2017. Should you complete your proxy form electronically and then post a hard copy, the form that arrives last will be counted to the exclusion of instructions received earlier, whether electronic or posted. Please refer to the terms and conditions of the service on the website.

You may not use any electronic address provided either in this notice of general meeting or in any related documents (including proxy form) to communicate with the Company for any purposes other than those expressly stated.

#### **Appointment of proxies through CREST**

11. 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) of it by using the procedures described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). 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 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 (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is 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 Share Registrars Limited (ID 7RA36) no later than 11.00 a.m. on 29 August 2017, or, in the event of an adjournment of the meeting, 48 hours before the adjourned meeting. 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 EUI does not make available special procedures in CREST for any particular message. 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/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 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.

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**

12. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, 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**

13. Shareholders may change proxy instructions by submitting 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 at The Courtyard, 17 West Street, Farnham,

Surrey GU9 7DR.

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**

14. A shareholder may change a proxy instruction but to do so you will need to inform the Company in writing 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. In the case of a shareholder 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.

The revocation notice must be received by Share Registrars no later than 11.00 a.m. on 29 August 2017.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified, your original proxy appointment will remain valid unless you attend the meeting and vote in person.

#### **Corporate representatives**

15. A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

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

16. As at 7 August 2017, the Company's issued share capital comprised 94,905,084 ordinary shares of 5 pence 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 7 August 2017 is 94,905,084.

The website referred to in note 2 will include information on the number of shares and voting rights.

#### **Questions at the meeting**

17. Any member attending the meeting has the right to ask questions. The Company must answer any question you ask relating to the business being dealt with at the meeting unless:
- answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
  - the answer has already been given on a website in the form of an answer to a question; or
  - it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

#### **Website publication of audit concerns**

18. Under section 527 of the Companies Act 2006, a shareholder or shareholders meeting the criteria set out at note 19 below, have the right to request the Company to publish on its website a statement setting out any matter that such shareholders propose to raise at the meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting.

Where the Company is required to publish such a statement on its website:

- it may not require the shareholders making the request to pay any expenses incurred by the Company in complying with the request;
- it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website; and
- the statement may be dealt with as part of the business of the meeting.

The request:

- may be in hard copy form and sent to Company Secretary at 9 Limes Road, Beckenham, Kent BR3 6NS or in electronic form and sent to Melvyn.Davies@highlandsnr.com. Please state "AGM" in the subject line of the e-mail;
- either set out the statement in full or, if supporting a statement sent by another shareholder, clearly identify

the statement which is being supported;

- must be signed on behalf of the shareholder. In the case of a shareholder which is a company, the request 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 request is signed (or a duly certified copy of such power or authority) must be included with the request; and
- be received by the Company at least one week before the meeting.

19. In order to be able to exercise the shareholders' right to require the Company to publish audit concerns (see note 18), the relevant request must be made by:

- a shareholder or shareholders having a right to vote at the meeting and holding at least 5% of total voting rights of the Company; or
- at least 100 shareholders having a right to vote at the meeting and holding, on average, at least £100 of paid up share capital.

For information on voting rights, including the total number of voting rights, see note 16 above and the website referred to in note 2.

#### **Nominated persons**

20. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (Nominated Person):

- You may have a right under an agreement between you and the shareholder of the Company who has nominated you to have information rights ("**Relevant Shareholder**") to be appointed or to have someone else appointed as a proxy for the meeting.
- If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Shareholder to give instructions to the Relevant Shareholder as to the exercise of voting rights.
- Your main point of contact in terms of your investment in the Company remains the Relevant Shareholder (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

#### **Documents on display**

21. Copies of the service contracts of the executive directors and the Company's articles of association are available for inspection at the Company's registered office during normal business hours and at the place of the meeting from at least 15 minutes prior to the meeting until the end of the meeting.

#### **Communication**

22. Except as provided above, shareholders who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):

- calling Share Registrars Limited on 01252 821390; or
- writing to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR.

You may not use any electronic address provided either:

- in this notice of annual 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.

## **EXPLANATION OF RESOLUTIONS:**

An explanation of certain of the resolutions is set out below.

### ***Resolution 4***

Jon Melvyn Davies

Resolution 4 deals with the re-appointment of Jon Melvyn Davies to the board of directors. Mr Davies is a Chartered Accountant and the Company's Finance Director and Company Secretary, roles he has fulfilled from the formation of the company. He has over 30 years' experience in both private practice and as director of public companies.

### ***Resolutions 7 and 8***

Your Directors may only allot shares or grant rights over shares if authorised to do so by the shareholders. Your Directors also require additional authority from shareholders to allot shares or grant rights over shares where they propose to do so for cash or otherwise than to existing shareholders pro rata to their holdings. Such authorities were granted at the General Meeting on 31 July 2017 and are due to expire at the Company's Annual General Meeting in 2017 and therefore require renewal. These resolutions, if passed, will continue to give the Directors flexibility to act in the best interest of the shareholders, when the opportunity arises, by issuing new shares. Resolution 7 will therefore be proposed as an ordinary resolution to grant a new authority to allot unissued share capital up to an aggregate nominal value of £1,581,752, representing approximately 33.3 per cent. of the issued ordinary share capital. Resolution 8 will be proposed as a special resolution to allot shares or grant rights over shares for cash and otherwise than to existing shareholders pro rata to their holdings. The authority will be limited to shares to a maximum aggregate nominal value of £949,051, being approximately 20 per cent. of the issued ordinary share capital. This authority, if given, will expire on the earlier of the conclusion of the next Annual General Meeting in 2018 or on the date which is 15 months after the relevant resolution is passed.

### ***Resolution 9***

This is a resolution to authorise the Company to hold general meetings on 14 clear days' notice. The notice period required by the Companies Act 2006 for general meetings of the Company is 21 days, unless shareholders approve a shorter notice period, which cannot be less than 14 clear days. Annual general meetings must always be held on at least 21 clear days' notice. In order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting and a resolution approving the reduction of the notice period for general meetings to 14 clear days must be passed. The directors believe that obtaining this authority is desirable as it gives the Company an additional degree of flexibility. The approval of this resolution will be effective until the conclusion of the annual general meeting of the Company in 2018, when it is intended that the approval will be renewed.