

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 2018 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 10.00 a.m. on 21 August 2018 to consider and, if thought fit, to pass the following resolutions. It is intended to propose resolutions 9, 10 and 11 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 2018 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 22 to 23 of the directors' remuneration report), as set out in the Company's annual report and accounts for the financial year ended 31 March 2018.
3. To approve the directors' remuneration policy, as set out on pages 22 to 23 of the directors' remuneration report.
4. To re-appoint Robert Brooks Price 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 2019.
7. THAT, the Company be and is authorised to serve any notice or send or supply any other document or information to a member (or where applicable a nominee) by making the notice or document or information available on the Company's website or by using other electronic means.
8. 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 £1,969,209 representing approximately 33.33 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

9. THAT, conditional on the passing of resolution 8, 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 8 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:
- 9.1 the allotment of equity securities in connection with an offer by way of a rights issue, open offer or other offer:
- 9.1.1 to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
- 9.1.2 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;
- 9.2 the allotment (otherwise than pursuant to sub-paragraph 9.1 above) of equity securities and the sale of treasury shares up to an aggregate nominal amount of £1,477,054 representing approximately 25 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.
10. THAT, subject to confirmation of the High Court of Justice in England and Wales:
- 10.1 the nominal value of the Company's ordinary shares be reduced from 5 pence per share to 1 penny per share by cancelling the paid up capital of 4 pence on each such ordinary share; and
- 10.2 the share premium account of the Company be cancelled.
11. 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, 12,300,000 ordinary shares representing approximately 10.4 per cent. of the issued share capital of the Company.

BY ORDER OF THE BOARD

Jon Melvyn Davies
Company Secretary
24 July 2018

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:
 - 10.00 a.m. on 17 August 2018 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 09.30 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 10.00 a.m. on 17 August 2018.

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). 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 10.00 a.m. on 17 August 2018. 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). 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 10.00 a.m. on 17 August 2018, 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 10.00 a.m. on 17 August 2018.

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 23 July 2018, the Company's issued share capital comprised 118,164,367 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 23 July 2018 is 118,164,367.

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 CERTAIN RESOLUTIONS:

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

Resolution 4

Robert Brooks Price

Resolution 4 deals with the re-appointment of Robert Brooks Price to the board of directors. Mr Price is the Company's Executive Chairman, a role he has fulfilled from when he founded the company in 2014. He has over 35 years' experience in the oil and gas sector and running companies.

Resolution 7

In 2015, the Company amended its articles of association such articles including provisions which allow the Company to send, deliver or serve any notice or other document to or on a shareholder, *inter alia*, where appropriate, by sending or supplying it in electronic form to an address notified by the shareholder to the Company for that purpose and where appropriate, by making it available on a website and notifying the shareholder of its availability in accordance with the relevant article. Even though the Company's articles already contain these provisions, it is considered best practice to seek shareholder approval via a resolution if a company wishes to start communicating with its shareholders in electronic form. In addition, the Disclosure Guidance and Transparency Rules provide that the decision to use electronic means to convey information to shareholders must be taken in a general meeting. Resolution 7 as proposed is intended to cover all documents or information that the Company sends or supplies to shareholders, including the annual report and accounts, summary financial statements, notice of general meetings and any documents which the Company is required to send to shareholders under the Listing Rules or other rules to which the Company is subject.

The current regime makes it possible for electronic communication via a website to become the default method of communication, so shareholders must then specify if they wish to receive communications in paper form (hard copy). To enable the Company to benefit from this opportunity to provide for electronic communication as the default method of communication, the Company is proposing resolution 7 to authorise the use of its website as a means of communicating with shareholders who do not request documentation in paper form (hard copy). If approved by shareholders, the Company will consult with its shareholders individually as to whether they wish to receive information through the Company's website. This consultation is taking place now with the enclosure of the relevant documents with this Notice of Annual General Meeting. If a shareholder agrees, then future communications with that shareholder will be by electronic means via the Company's website. If a shareholder fails to respond to the consultation within 28 days, then such a shareholder is deemed to have agreed to receive communications by electronic means via the Company's website. Notwithstanding any prior request or deemed consent to receive communications electronically, a shareholder may at any time tell the Company that he or she wishes to receive all or specific information in paper form (hard copy). In addition, the Company has to notify shareholders who receive information in electronic form when certain key information is available on the Company's website. This notification will, typically, be sent around the time of the Company's annual general meeting. The overall effect of resolution 7 will be to allow the Company to increase its use of electronic communications with shareholders. However, as indicated above, the rights of those shareholders who wish to receive documents in paper form (hard copy) will be fully protected. The Company sees a positive benefit in the increase in electronic communications, in terms of the saving of paper and production expenses.

Resolutions 8 and 9

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 Annual General Meeting on 31 August 2017 and are due to expire at the Company's Annual General Meeting in 2018 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 8 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 £1,969,209, representing approximately 33.33 per cent. of the issued ordinary share capital. Resolution 9 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 £1,477,054, being approximately 25 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 2019 or on the date which is 15 months after the relevant resolution is passed.

Resolution 10

BACKGROUND AND REASONS FOR THE REDUCTION OF CAPITAL

The Companies Act 2006 only permits a company to make distributions to its shareholders out of its profits available for that purpose. Such profits are, broadly, a company's accumulated realised profits so far as not previously utilised by distribution or capitalisation, less its accumulated realised losses.

As at 31 March 2018 the Company had an accumulated deficit on its profit and loss account of £3.03 million, issued share capital of £5.82 million and there was £12.82 million standing to the credit of the Company's share premium account. Accordingly, as matters currently stand, the Company does not have distributable reserves and is therefore unable to make any distributions to its shareholders unless or until its distributable reserves become positive.

The directors of the Company (the "**Directors**") therefore propose, subject to the approval of its shareholders and of the High Court of Justice of England and Wales (the "**Court**"), to cancel the Company's share premium account and to reduce the nominal value of the existing ordinary shares of 5 pence per share (the "**Existing Ordinary Shares**") from 5 pence per share to 1 penny per share by cancelling the paid up capital of 4 pence on each such ordinary share (the "**Reduction of Capital**"). The Directors then propose to apply the reserve arising to eliminate the Company's accumulated deficit on its profit and loss account and, indeed, to create distributable profits on the balance sheet of the Company of approximately £14.45 million. The Directors believe that, subject to the future performance of the Company, this should give the Company the ability to make distributions to shareholders in the future if, as and when the Directors may consider that it is appropriate to do so. However, the Directors cannot give any guarantee either that the Company will make any distributions or as to the size of the distributions if any which may be made.

The Reduction of Capital does not involve any distribution or repayment of capital or share premium by the Company and will not reduce the underlying net assets of the Company.

The cancellation of the Company's share premium account and the reduction of the nominal value of the Company's Existing Ordinary Shares from 5 pence to 1 penny will only become effective if (in the following order) (i) resolution 10 is approved by shareholders at the Annual General Meeting, (ii) confirmation is given by the Court, and (iii) the Court order and a statement of capital are delivered to and registered by Companies House.

SHARE OPTIONS/WARRANTS

The Company currently has outstanding warrants over 29,300,000 Existing Ordinary Shares and outstanding options over 1,450,000 Existing Ordinary Shares. The remuneration committee of the Company will consider what, if any, adjustments need to be made to the number of warrant shares, option shares and/or the exercise price following completion of the Reduction of Capital in accordance with the terms of the relevant warrant instruments and the Highlands Natural Resources plc Share Option Scheme (as the case may be).

APPLICATION TO THE COURT

If resolution 10 to be proposed at the Annual General Meeting is approved, the board of directors (the "**Board**") intend to make an application to the Court promptly following the Annual General Meeting to confirm the Reduction of Capital. To this end, provisional dates have been obtained for hearing the Company's application. These dates are subject to change depending on the Court's timetable, but the present timetable provides for the final hearing of the Company's application to take place on 25 September 2018.

Prior to confirming the cancellation of the share premium account and the reduction of the nominal value of the Company's Existing Ordinary Shares from 5 pence to 1 penny, the Court will need to be satisfied that the creditors of the Company at the date on which the Reduction of Capital becomes effective (the "**Effective Date**") are not prejudiced by the same. The Company will put in place such form of creditor protection as is appropriate to satisfy the Court in this regard, which may include, amongst other things, the Company (i) seeking consent from certain creditors, and/or (ii) giving an undertaking to the Court to create a special, non-distributable reserve, with any such reserve to remain until the relevant creditors of the Company at the Effective Date who are not protected at that date by other means have been otherwise protected or discharged.

The precise form of creditor protection is a question for the Court and the Company will give such creditor protections as the Court requires and the Company's solicitors advise are appropriate. The Board reserves the right not to pursue an application for an order confirming the Reduction of Capital if it appears that the creditor protection which would be required by the Court would be unduly onerous or otherwise contrary to the interests of the Company.

EFFECT OF THE REDUCTION OF CAPITAL

Subject to approval by shareholders, and to Court consent, the amounts resulting from the cancellation of the Company's share premium account and the reduction of the nominal value of the Company's Existing Ordinary Shares from 5 pence to 1 penny will be credited to the Company's profit and loss account to create (subject to the Court's confirmation) distributable profits that the Company will be able to use when making any future distributions to shareholders or purchases of own shares.

The Reduction of Capital does not involve any distribution or repayment of capital or share premium by the Company and will not reduce the underlying net assets of the Company.

Following the Reduction of Capital becoming effective, the new ordinary shares of 1 penny each (the "**New Ordinary Shares**") will be admitted to the Official List of the Financial Conduct Authority (by way of a Standard Listing) and to trading on the main market of the London Stock Exchange plc for listed securities (the "**Main Market**"). The ISIN number for the New Ordinary Shares will remain unchanged, and the Company does not propose to issue new share certificates to shareholders as a result of the Reduction of Capital. The existing share certificates which have been issued to shareholders in respect of their holdings of Existing Ordinary Shares will remain valid in respect of the New Ordinary Shares.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of the Notice of Annual General Meeting	24 July 2018
Last time and date for receipt of forms of proxy	10.00 a.m. on 17 August 2018
Annual General Meeting	10.00 a.m. on 21 August 2018
Court hearing of the application to confirm the Reduction of Capital	25 September 2018
Effective date of the Reduction of Capital	25 September 2018
Dealings commence in the New Ordinary Shares	8.00 a.m. on 26 September 2018

General notes:

- (1) The date of the Court hearing is subject, amongst other things, to change by the Court.*
- (2) The Effective Date is dependent upon, amongst other things, the date upon which the Court confirms the Reduction of Capital.*
- (3) Each of the times and dates set out above is based on current expectations and is subject to change. If any of the above times and/or dates is changed, the revised times and/or dates will be notified to shareholders by announcement through a regulatory information service.*
- (4) All above references to times are to London times.*

Resolution 11

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 2019, when it is intended that the approval will be renewed.