

Gemfields plc

Notice of Annual General Meeting

(Incorporated in England & Wales with registered number 05129023)

Friday, 28 November 2014 at 11.00am (UK time)

This document is important and requires your immediate attention. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all of your shares, please pass this document, together with the accompanying documents, as soon as possible, either to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

Gemfields plc

Notice of Annual General Meeting

Notice is hereby given that the 2014 Annual General Meeting (“AGM”) will be held at the offices of Reed Smith LLP at The Broadgate Tower, 20 Primrose Street, London EC2A 2RS on Friday, 28 November 2014 at 11.00am (UK time) to consider and, if thought fit, pass the following resolutions (all resolutions being ordinary resolutions, save for resolutions 7, 8, and 9 which will be proposed as a special resolutions).

Ordinary Business

- 1 To receive and adopt the Company’s Annual Report and Financial Statements for the financial year ended 30 June 2014, together with the reports of the Directors and the auditors on those accounts.
- 2 To re-elect Ian Harebottle, who retires by rotation, as a Director, in accordance with article 104 of the Articles of Association of the Company.
- 3 To re-elect Clive Newall, who retires by rotation, as a Director, in accordance with article 104 of the Articles of Association of the Company.
- 4 To re-appoint BDO LLP as auditors to hold office from the conclusion of the meeting to the conclusion of the next meeting at which the accounts are laid before the Company in accordance with article 166 of the Articles of Association of the Company.
- 5 To authorise the Directors to fix the remuneration of BDO LLP as auditors of the Company.

Special Business

6 Authority to allot shares (ordinary resolution)

- (a) THAT the Directors be and are hereby generally and unconditionally authorised, in accordance with and pursuant to section 551 of the Companies Act 2006 (the “Act”) (in addition to any existing authority to allot relevant securities conferred on the Directors) to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company provided that this authority shall be limited to the allotment of up to a maximum nominal amount of £1,804,116.26, and unless previously renewed, revoked, varied or extended, this authority shall expire on the earlier of (i) the conclusion of the next annual general meeting of the Company or (ii) the expiry of 15 months from the passing of this resolution; and
- (b) the Company may, before the expiry of this authority, make any offer or agreement which would or might require the shares to be allotted or rights to be granted after such expiry and the Directors may allot shares or grant rights in pursuance of any such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

7 Disapplication of pre-emption rights (special resolution)

THAT subject to resolution 6 being passed, the Directors be and are, by this resolution, hereby generally and unconditionally authorised, in accordance with and pursuant to section 570 of the Act, to allot equity securities (within the meaning of section 560 of the Act) for cash under the authority conferred on them by resolution 6 above as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to allotments:

- (a) in connection with or pursuant to any offer of equity securities (whether by way of rights issue or otherwise) to holders of ordinary shares in the capital of the Company (“Ordinary Shares”) in the proportion (as nearly as may be practicable) to their respective holdings of such on such record date as may be prescribed by the Directors, in all cases subject to such exclusions or other arrangements as the Directors may deem necessary, appropriate or expedient in relation to fractional entitlements, record dates, or legal, regulatory or practical problems in or under the laws of any jurisdiction or the requirements of any regulatory body or stock exchange or any other matter; and
- (b) otherwise than pursuant to the provisions of sub-paragraph (a) above, up to an aggregate nominal amount of £541,234.88 and this power (unless renewed, varied or revoked by the Company in a general meeting) shall expire on whichever is the earlier of: (i) the conclusion of the next annual general meeting of the Company to be held after the date of the passing of this resolution; and (ii) the date falling 15 months after the date of the passing of this resolution, save that the Company may before the expiry of the power conferred by this resolution make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

Notice of Annual General Meeting: continued

This resolution is in addition to all unexercised powers previously granted to the Directors of the Company to allot equity securities, free of the restrictions in section 561(1) of the Act and without prejudice to any allotment of equity securities or grant of rights already made, offered or agreed to be made pursuant to such authorities.

8 Purchase of own shares by the Company (special resolution)

THAT the Company be and hereby is generally and unconditionally authorised for the purposes of section 701 of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) of Ordinary Shares in the capital of the Company provided that the:

- (a) maximum aggregate number of Ordinary Shares hereby authorised to be purchased is limited to the nominal value of £541,234.88;
- (b) minimum price which may be paid for each Ordinary Share is 1 pence;
- (c) maximum price, exclusive of any expense, which may be paid for an Ordinary Share is an amount equal to the higher of
(a) 105 per cent of the average of the middle market quotations for an Ordinary Share on the AIM Market of the London Stock Exchange for the five business days immediately preceding the date on which such Ordinary Share is contracted to be purchased and (b) the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003; and
- (d) authority conferred by this resolution shall, unless renewed prior to such time, expire at the end of the next annual general meeting of the Company to be held in 2015 or, if earlier, at the close of business on 28 November 2015, save that the Company may, before such expiry, enter into a contract for the purchase of Ordinary Shares which would or might be completed wholly or partly after such expiry and the Company may purchase Ordinary Shares pursuant to any such contract as if this authority had not expired.

9 Amendments to the Articles of Association (special resolution)

THAT the existing Articles of Association of the Company (including the relevant provisions of the memorandum of association that would otherwise be treated as provisions of the Articles of Association under section 28 of the Companies Act 2006) be deleted and that new Articles of Association reflecting the principal changes summarised in Appendix I to the explanatory notes to this AGM notice, in the form presented to this meeting and initialled by the Chairman of the meeting for the purposes of identification, be and are hereby approved and adopted for and to the exclusion of the existing Articles of Association.

By order of the Board

JJ Williams
Company Secretary
Gemfields plc
5 November 2014

Registered in England & Wales
No. 05129023
Registered office:
54 Jermyn Street
London SW1Y 6LX

Notes

Entitlement to attend and vote

- 1 In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001 and the Company's Articles of Association, the Company specifies that only those shareholders registered on the Company's register of members at 6.00pm on 26 November 2014 (or in the event that the meeting is adjourned, on the register of members at 6.00pm on the second business day prior to the date on which any adjourned meeting is to be held) shall be entitled to attend and vote at the Meeting and that the number of votes which any such shareholder may cast, upon a poll, will be determined by reference to the number of shares registered in such shareholder's name at such time.

Appointment of proxies

- 2 If you are a member of the Company at the time set out in Note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting. 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 member may appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, it will be necessary to notify the registrar in accordance with Note 7 below. Please refer to the notes to the form of proxy for further information on appointing a proxy, including how to appoint multiple proxies (as the case may be).
- 4 A proxy need not 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.
- 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.
- 6 The completion of a form of proxy does not preclude a member from attending the Meeting and voting in person.

Appointment of proxy using hard copy proxy form

- 7 A form of proxy is enclosed. The notes to the proxy form explain how to direct your proxy to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
 - (i) completed and signed;
 - (ii) sent or delivered to the office of the Registrars of the Company at Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and
 - (iii) received by Capita Asset Services no later than 48 hours before the time appointed for the Meeting (excluding any part of a non-working day).

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 of authority) must be included in the proxy form.

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 applies 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 Capita Asset Services. 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 by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4TU. 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

Notes: continued

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 Capita Asset Services no later than 48 hours before the time appointed for the Meeting (excluding any part of a non-working day). 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.

Appointment of proxies through CREST

- 10 CREST members who wish to appoint a proxy or proxies through 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 from <https://www.euroclear.com/site/public/EUI>). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a 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.
- 11 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. The CREST Proxy Instruction, regardless of whether it constitutes the appointment of a proxy or 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 Capita Asset Services (ID RA10) no later than 48 hours before the time appointed for the Meeting (excluding and part of a non-working day). No such CREST Proxy Instruction received through the CREST network after this time will be accepted. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST Proxy Instruction by the CREST Applications Host) from which our registrars are able to retrieve the CREST Proxy Instruction 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.
- 12 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 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, to procure that his 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 system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- 13 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

- 14 In the case of joint members, the signature of only one of the joint members is required on the form of proxy but the vote of the first named on the register of members will be accepted to the exclusion of the other joint members.

Issued shares and total voting rights

- 15 As at 5.00pm on 4 November 2014, the Company's issued share capital consists of 541,234,877 Ordinary Shares of 1p each. Each Ordinary Share carries the right to one vote at a general meeting of the Company and therefore, the total voting rights in the Company as at 5.00pm on 4 November 2014 (being the last business day prior to the publication of this Notice of Meeting) are 541,234,877.

Questions at the Meeting

- 16 Under section 319A of the Act, the Company must answer any question you ask relating to the business being dealt with at the Meeting unless:
 - (i) answering the question would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information;
 - (ii) the answer has already been given on a website in the form of an answer to a question; or
 - (iii) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

Notes: continued

Members' rights to require circulation of resolution to be proposed at the Meeting

17 Under section 338 of the Act, a member or members meeting the qualification set out at Note 20 below, may, subject to conditions, require the Company to give members notice of a resolution which may properly be moved and it is intended to be moved at that meeting.

The conditions are that:

- (i) the resolution must not, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise); and
- (ii) the resolution must not be defamatory of any person, frivolous or vexatious.

The request:

- (i) may be in hard copy form;
- (ii) must identify the resolution of which notice is to be given by either setting out the resolution in full or, if supporting a resolution sent by another member, clearly identify the resolution which is being supported;
- (iii) must be authenticated by the person or persons making it; and
- (iv) must be received by the Company no later than 6 weeks before the Meeting to which the requests relate.

In the case of a request made in hard copy form, such request must be:

- (i) authenticated by providing full name and address and copy of passport and/or driver's licence;
- (ii) sent to the Company's Registrars at Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and
- (iii) received by the Company's Registrars no later than 48 hours before the time appointed for the Meeting.

Members' right to have a matter of business dealt with at the Meeting

18 Under section 338A of the Act, a member or members meeting the qualification criteria set out at Note 20 below, may, subject to conditions, require the Company to include in the business to be dealt with at the Meeting a matter (other than a proposed resolution) which may properly be included in the business (a matter of business).

The conditions are that:

- (i) the matter of business must not be defamatory of any person, frivolous or vexatious.

The request:

- (i) may be in hard copy form;
- (ii) must identify the matter of business by either setting it out in full or, if supporting a statement sent by another member, clearly identify the matter of business which is being supported;
- (iii) must be accompanied by a statement setting out the grounds for the request;
- (iv) must be authenticated by the person or persons making it; and
- (v) must be received by the Company no later than 6 weeks before the Meeting to which the requests relate.

Notes: continued

Website publication of audit concerns

19 Pursuant to Chapter 5 of Part 16 of the Act (sections 527 to 531), where requested by a member or members meeting the qualification criteria set out at Note 20 below, the Company must publish on its website, a statement setting out any matter that such members 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:

- (i) it may not require the members making the request to pay any expenses incurred by the Company in complying with the request;
- (ii) 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
- (iii) the statement may be dealt with as part of the business of the Meeting.

The request:

- (i) may be in hard copy or in electronic form;
- (ii) either set out the statement in full or, if supporting a statement sent by another member, clearly identify the statement which is being supported;
- (iii) must be authenticated by the person or persons making it; and
- (iv) must be received by the Company at least one week before the Meeting.

Members' qualification criteria

20 In order to be able to exercise the members' right to require:

- (i) circulation of a resolution to be proposed at the Meeting;
- (ii) a matter of business to be dealt with at the Meeting; or
- (iii) the Company to publish audit concerns,

the relevant request must be made by:

- (i) a member or members having the right to vote at the Meeting and holding at least 5% of the total voting rights of the Company; or
- (ii) at least 100 members having a right to vote at the Meeting and holding, on average at least £100 of paid up share capital.

Communication

21 Except as provided above, members who have general queries about the Meeting should call the Capita shareholder helpline on 0871 664 0300 (or from outside the UK: +44 (0) 20 8639 3399). No other methods of communication will be accepted.

22 You may not use any electronic address provided either in this Notice of Meeting or any related documents to communicate with the Company for any purposes other than those expressly stated.

Website giving information regarding the Meeting

23 Information regarding the Meeting, including the information required by section 311A of the Act, is available from www.gemfields.co.uk. You may not use any electronic address provided either:

- (i) in this Notice of Meeting; or
- (ii) any related documents (including the proxy form),

to communicate with the Company for any purposes other than those expressly stated.

Explanatory notes to the business of the AGM

Ordinary Business

Each of these resolutions will be proposed as an ordinary resolution. This means that for each of the resolutions to be passed, more than half of the votes cast must be in favour of the resolution.

Resolution 1 – To receive and adopt the Company’s Annual Report and Financial Statements for the year ended 30 June 2014

The Directors are required to present to the Meeting the Company’s audited Financial Statements and related Directors’ and Auditors’ Reports for the financial year ended 30 June 2014. These are contained in the 2014 Annual Report.

Resolutions 2 and 3 – To re-elect Directors

The Articles of Association of the Company require that at every annual general meeting one-third of the Directors or, if their number is not a multiple of three, then the number nearest to but not less than one-third shall retire from office. At this Meeting, Ian Harebottle and Clive Newall will retire and stand for re-election as Directors.

Biographical details of all Directors who are proposed for re-election are set out in the Company’s Annual Report and are also available on the Company’s website.

Following the outcome of the Board evaluation process it was concluded that both Ian Harebottle and Clive Newall continue to demonstrate a high level of commitment to their roles and continue to perform effectively and provide a valuable contribution to Board meetings and to meetings of the committees on which they sit.

The Board (other than the relevant Director in relation to his own re-election) recommends the re-election of both Mr Harebottle and Mr Newall.

Resolutions 4 and 5 – To re-appoint BDO LLP as auditors and determine their remuneration

The Company is required by article 166 of the Articles of Association to appoint auditors at each annual general meeting at which the Annual Report and Financial Statements are laid before the Company to hold office until the next such meeting (Resolution 4). By Resolution 5 your Directors are seeking authority to agree the remuneration of BDO LLP.

Special Business

Resolution 6 will be proposed as an ordinary resolution. Resolutions 7, 8 and 9 will be proposed as special resolutions. For a resolution proposed as a special resolution to be passed, at least three-quarters of the vote cast must be in favour of the resolution.

Resolution 6 – Authority to allot shares (ordinary resolution)

The Articles of Association empower Directors to allot unissued shares. In accordance with section 551 of the Act, such allotments must be authorised by the shareholders in a general meeting. Resolution 6 seeks renewal of the power to allot shares given at the previous AGM up to an aggregate nominal amount of £1,804,116.26 which represents 180,411,626 Ordinary Shares of 1p each, representing one-third of the Company’s issued Ordinary Share capital at the date of this Notice of Meeting.

The Company will consider the allotment of unissued shares to finance business opportunities and the Directors will act in the best interests of the Company and shareholders generally, in taking advantage of business opportunities as they arise and to manage the Company’s capital base more effectively.

Resolution 7 – Renewal of authority for disapplication of pre-emption rights (special resolution)

Resolution 7 seeks renewal of the Directors’ authority to allot equity securities (as defined by section 560 of the Act) of the Company for cash as if the pre-emption provisions of section 561(1) of the Act do not apply. Under Section 561(1), when new shares are allotted, they must first be offered to existing shareholders pro-rata to their holdings. This provision is designed to prevent the holdings of existing shareholders being diluted against their wishes by the allotment of new shares. Shareholders may waive this right of pre-emption. Other than in connection with a right, scrip dividend, or other similar issue, the authority contained in this resolution will be limited to the allotment of shares having an aggregate nominal value of £541,234.88 representing 54,123,488 Ordinary Shares (equivalent to approximately 10 per cent of the Company’s issued Ordinary Share capital at the date of this Notice of Meeting).

Similar resolutions have been approved by shareholders at each AGM. The authorities granted under Resolutions 6 and 7 will expire (unless renewed or revoked by the Company in a general meeting) on the earlier of the conclusion of the next AGM of the Company or the date falling 15 months after the date of the passing of the resolutions.

Explanatory notes to the business of the AGM: continued

Resolution 8 – Purchase of own shares by the Company (special resolution)

The Articles of Association of the Company empower the Company to purchase its own shares. The Directors consider it desirable and in the Company's interests for shareholders to grant to the Company authority to exercise this power, within certain limits. The maximum number of shares, which may be purchased under the proposed authority, will be limited to the nominal value of £541,234.88 Ordinary Shares representing approximately 10 per cent of the Company's issued Ordinary Share capital at the date of this Notice of Meeting. The price paid for the Ordinary Shares will not be less than the nominal value of 1 pence per share and will not be more than the higher of 105 per cent of the average of the middle market quotations for an Ordinary Share of the Company on the AIM Market of the London Stock Exchange for the five business days immediately preceding the date on which such share is contracted to be purchased and that stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003. The Directors would exercise this authority only after considering the effects on earnings per share and the benefits for shareholders generally. Any buy back would be by market purchases through the London Stock Exchange. This authority will expire (unless previously renewed or revoked by the Company in a general meeting) on the earlier of 28 November 2015 or at the conclusion of the next AGM of the Company.

Resolution 9 – Amendments to the Articles of Association (“Articles”) (special resolution)

The Companies Act 2006 (the “Act”) came into full force on 1 October 2009. It is proposed to adopt the new Articles to reflect changes to English company law and to cross-reference the appropriate provisions of the Act. In addition, the Company has taken the opportunity to update other areas of the Articles. The principal changes, as reflected in the new Articles, are set out in Appendix I. Changes which are of a minor, technical or inconsequential nature are not highlighted here and the attention of shareholders is drawn to the new Articles to be produced to the meeting.

Copies of the existing Articles of Association and the proposed new Articles of Association shall be available for inspection at the Company's registered office at 54 Jermyn Street, London SW1Y 6LX during usual business hours on weekdays (excluding Saturdays, Sundays and public holidays) from the date of this Notice of Meeting until the conclusion of the AGM. They shall also be available at the offices of Reed Smith LLP, at The Broadgate Tower, 20 Primrose Street, London EC2A 2RS on 28 November 2014 for at least fifteen minutes prior to and until the conclusion of the AGM. The Directors reserve the right up to the time of the meeting to make such amendments and additions to the Articles as they consider necessary or desirable, provided that such amendments and additions do not conflict in any material respect with the summary set out in Appendix I.

APPENDIX I

Summary of the principal changes to the Articles of Association of the Company (the “Articles”)

The Company proposes to update its Articles to take account of certain provisions of the Companies Act 2006 (the “Act”). In addition, the Company has taken the opportunity to generally review and modernise the Articles and to adapt the Articles to ensure that they are suitable as the Company expands. The proposed amendments to the Articles are available for inspection, as described in explanatory notes on page 9. The principal changes are summarised below:

1. The Company’s objects

The provisions regulating the operations of the Company are currently set out in the Company’s memorandum of association. The Company’s memorandum of association contains, among other things, the objects clause which sets out the scope of the activities that the Company is authorised to undertake.

The Act significantly reduces the constitutional significance of a company’s memorandum of association. The Act provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in a company. Under the Act the objects clause and all other provisions which are contained in a company’s memorandum of association, for existing companies at 1 October 2009, are deemed to be contained in the company’s articles of association but the company can remove these provisions by special resolution. Further, the Act states that unless a company’s articles provide otherwise, a company’s objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum of association which, by virtue of the Act, are treated as forming part of the Company’s Articles. As the effect of this resolution will be to remove the statement currently in the Company’s memorandum of association regarding limited liability, the proposed changes to the Articles therefore contain an express statement regarding the limited liability of shareholders.

2. Electronic Means

The proposed changes to the Articles include provisions to facilitate communication via electronic means, to allow proxies to be appointed using electronic means and to allow dividends to be paid by electronic means. In addition, the proposed changes to the Articles allow uncertificated shares to be voted in the uncertificated system (e.g. CREST).

3. Signatures and Seals

The Company is aware that it is increasingly becoming common practice for registrars to apply signatures and seals to documents by electronic means and accordingly amendments have been proposed to Articles to facilitate this.

4. Redeemable Shares

Under the Companies Act 1985, if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption. This is no longer required under the Act. Accordingly the proposed amendments to the Articles allow the issue of redeemable shares to be approved by ordinary resolution and for such resolution to set out the terms of the redeemable shares. The Company has no current plans to issue redeemable shares but if it did so the Directors would need shareholders’ authority to issue new shares in the usual way.

5. Registration of Share Transfers

Clarification has been added to the Articles that the Directors of the Company should not refuse to register partly paid shares where to do so would prevent dealings taking place on an open and proper basis.

6. AGMs and General Meetings

Pursuant to the Act, public companies are obliged to hold an AGM within the period of six months beginning with the day following its accounting reference date. The Articles have therefore been updated to reflect this. In addition, clarification has been added that two people do not need to be in the same place for a general meeting to be held, provided they are able to speak and vote at the meeting.

The proposed amended Articles also contain a provision clarifying that it is acceptable to use an overflow meeting room where too many members have attended a general meeting to be accommodated in the main meeting room. In addition, provisions have been added to the Articles to ensure the security of meetings e.g. the Directors may direct that any person wishing to attend any general meeting or annual general meeting should provide such evidence of identity and submit to such searches or other security arrangements or restrictions as the Directors shall consider appropriate in the circumstances. Further it is proposed that the Articles be amended to provide that the Chairman be able to take such action or give such directions as he thinks fit to promote the orderly conduct of the business of the meeting.

Appendix I: continued

7. Number of Directors

The Articles have been amended to increase the limit on the number of Directors which may be appointed to the Board of the Company from eight to ten in order to provide increased flexibility to appoint more Directors to meet the growing needs of the Company.

8. Director Remuneration

The cap for the aggregate fees payable to Non-Executive Directors for their services (other than fees for special services) has been increased from £150,000 to £350,000 to allow for increased flexibility regarding the level of Non-Executive Directors' fees.

9. Directors' Interests

Clarification has been added to the Articles regarding how a Director may disclose an interest and when he shall not be regarded as having an interest, for example interests of which a Director is not aware and of which it is not reasonable to expect him to be aware, or interests which cannot reasonably be regarded as giving rise to a conflict of interest.

10. Vacation of office by Directors

The existing Articles specify the circumstances in which a Director must vacate their office. Following the introduction of the Mental Health (Discrimination) Act 2013 it is proposed to update the Articles to reflect the approach taken on mental and physical incapacity in the model articles for public companies produced by the Department for Business, Innovation and Skills.

11. Directors' Retirement by Rotation

The UK Corporate Governance Code requires Directors to retire by rotation at the third Annual General Meeting ("AGM") after the AGM at which they were appointed. The Articles have therefore been updated to reflect this (the existing Articles required one third of Directors to retire at each AGM). In addition, a provision has been inserted into the Articles which provides that Non-Executive Directors who have served longer than nine years are to be subject to annual re-election, as required by the UK Corporate Governance Code.

12. Directors' Written Resolutions

The Articles have been updated to allow Directors to communicate their approval of a written resolution by electronic means and to facilitate the passing of written resolutions where a Director who is interested in a transaction would not be permitted to vote on it at a Board meeting.

13. Directors' Indemnity

The scope of the indemnity has been increased to permit the Company to indemnify Directors, former Directors and Officers in respect of or in connection with activities of the Company or associated company in its capacity as trustee of an occupational pension scheme. In addition, the proposed changes extend the scope of the indemnity to former Directors.

14. Notices

The notice provisions of the Articles have been updated to facilitate communication by electronic means, clarify the provisions regarding evidence of service and include a record date for deemed service.

In addition, the Company is currently obliged to send notices to shareholders, even when they have been missing from their last known address for a period of time and no new address has been provided. The proposed changes to the Articles permit notice of meetings not to be sent to shareholders where their documents have been returned undelivered on three consecutive occasions.

15. General

Other changes are of a minor, technical or clarifying nature to reflect changes made by the Act and to take the opportunity to clarify the wording in the Articles.

Note:

This Appendix summarises the principal changes being proposed to be made to the Articles of Association of the Company. Copies of the existing Articles of Association and the proposed new Articles of Association shall be available for inspection at the Company's registered office at 54 Jermyn Street, London SW1Y 6LX during usual business hours on weekdays (excluding Saturdays, Sundays and public holidays) from the date of this notice until the conclusion of the AGM. They shall also be available at the offices of Reed Smith LLP, at The Broadgate Tower, 20 Primrose Street, London EC2A 2RS on 28 November 2014 for at least fifteen minutes prior to and until the conclusion of the AGM. The Directors reserve the right up to the time of the meeting to make such amendments and additions to the Articles as they consider necessary or desirable, provided that such amendments and additions do not conflict in any material respect with the summary set out in this Appendix.

