

THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised for the purposes of the Financial Services and Markets Act 2000 ("FSMA") who specialises in advising on the acquisition of shares and other securities before taking any action. The whole of this document should be read. You should be aware that an investment in the Company involves a high degree of risk and prospective investors should in particular carefully consider the section entitled "Risk Factors" set out in Part II of this document.

If you have sold or transferred all of your Ordinary Shares on or before the Record Date please forward this document, together with the accompanying documents, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other party through whom the sale or transfer was effected for transmission to the purchaser or transferee. Such documents should, however, not be forwarded to or transmitted into any jurisdiction outside of the UK if to do so would constitute a violation of the relevant law and/or regulations of such jurisdiction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. If you have sold or transferred only part of your registered holding of Ordinary Shares on or before the Record Date, you are advised to consult your stockbroker, bank or other agent through whom the sale or transfer was effected.

The total consideration under the Open Offer is less than €8 million (or an equivalent Sterling amount) in aggregate. Therefore, in accordance with section 85 and Schedule 11A of FSMA, this document is not, and is not required to be, a prospectus for the purposes of the Prospectus Rules and has not been prepared in accordance with the Prospectus Rules. Accordingly, this document has not been, and will not be, reviewed or approved by the FCA, pursuant to sections 85 and 87 of FSMA, the London Stock Exchange, any securities commission or any other authority or regulatory body. This document does not comprise an admission document under the AIM Rules and the London Stock Exchange has not itself examined or approved the contents of this document.

The Company's Ordinary Shares are currently admitted to trading on AIM. Application will be made to the London Stock Exchange for the New Shares to be admitted to trading on AIM. The New Shares will not be admitted to trading on any other investment exchange. It is expected that Admission of the New Shares will become effective and that dealings will commence on 13 March 2019.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

HAYDALE GRAPHENE INDUSTRIES PLC

(Incorporated and registered in England and Wales under the Companies Act 2006 with registered number 7228939)

**Placing, Subscription and Open Offer of up to 400,000,000 New Shares at
2 pence per New Share
and
Notice of General Meeting**

Nominated Adviser and Broker

Arden Partners plc

You are recommended to read the whole of this document but your attention is drawn, in particular, to the letter from the Chairman of the Company explaining the background to, and reasons for, the Fundraising which is set out in Part I of this document and to the Risk Factors in Part II of this document which contains a discussion of certain factors that should be considered by Shareholders when considering whether or not to make an investment in the Company.

Notice of a General Meeting of the Company, to be held at the offices of Fieldfisher LLP, Riverbank House, 2 Swan Lane, London, EC4R 3TT at 10.00 a.m. on 12 March 2019, is set out at the end of this document. To be valid, the accompanying Form of Proxy for use in connection with the General Meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Share Registrars Ltd, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR, by not later than 10.00 a.m. on 8 March 2019 (or, if the General Meeting is adjourned, 48 hours before the time fixed for the adjourned meeting). Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they so wish. For further details on proxy appointments, see the notes to the Notice of General Meeting and the Form of Proxy.

Shareholders who hold their Ordinary Shares in uncertificated form in CREST may alternatively use the CREST Proxy Voting Service in accordance with the procedures set out in the CREST Manual, as explained in the notes accompanying the Notice of General Meeting at the end of this document. Proxies submitted via CREST must be

completed, signed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Share Registrars Ltd, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR (ID Number 7RA36) by no later than 10.00 a.m. on 8 March 2019 (or, if the General Meeting is adjourned, 48 hours before the time fixed for the adjourned meeting). The appointment of a proxy using the CREST Proxy Voting Service will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

Qualifying non-CREST Shareholders will find an Application Form enclosed with this document. Applications under the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a bona fide market claim arising out of the sale or transfer of Ordinary Shares prior to the date on which the relevant Ordinary Shares are marked "ex" the entitlement by the London Stock Exchange. Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purposes of calculating entitlements under the Open Offer. The latest time for application and payment in full under the Open Offer is 11.00 a.m. on 11 March 2019 and the procedure for application and payment is set out in Part III of this document.

Arden Partners plc ("**Arden**"), which is authorised and regulated in the United Kingdom by the FCA and is a member of the London Stock Exchange, is Haydale's nominated adviser and broker for the purposes of the AIM Rules. Arden is acting exclusively for the Company in relation to the Fundraising and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Fundraising and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for providing advice in relation to the contents of this document or any other matter referred to herein. Arden's responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed to the London Stock Exchange and not to any other person in respect of their decision to acquire New Shares in reliance on any part of this document.

Arden has not authorised the contents of this document for any purpose and no liability whatsoever is accepted by Arden nor does it make any representation or warranty, express or implied, as to the accuracy of, any information or opinion contained in this document or for the omission of any information. Arden expressly disclaims all and any responsibility or liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this document.

This document does not constitute an offer to sell, or the solicitation of an offer to buy, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, or under the applicable securities laws of any state of the United States or any province or territory of Canada, Japan or Australia. Accordingly, unless a relevant exemption from such requirements is available, the Open Offer Shares may not, subject to certain exceptions, be offered, sold, taken up, re-sold or delivered, directly or indirectly, within the United States, Canada, Japan or Australia or in any other country, territory or possession where to do so may contravene local securities laws or regulations. Shareholders who believe that they, or persons on whose behalf they hold Ordinary Shares, are eligible for an exemption from such requirements should refer to paragraph 6 of Part III of this document to determine whether and how they may participate.

In accordance with the AIM Rules, this document will be available on the Company's website (www.haydale.com) from the date of this document, free of charge, subject to certain restrictions relating to persons in any jurisdiction where release, publication or distribution of this document would constitute a violation of the securities law of such jurisdiction. Neither the content of the Company's website nor any website accessible by hyperlinks to or on the Company's website is incorporated in, or forms part of, this document.

FORWARD-LOOKING STATEMENTS

This document contains "forward-looking statements" which includes all statements other than statements of historical fact including, without limitation those regarding the Company's financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "might", "anticipates", "would", "could" or similar expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for entitlement under the Open Offer	6.00 p.m. 20 February 2019
Announcement of the Placing, Subscription and Open Offer	22 February 2019
Publication of Circular and Open Offer Application Form posted to Qualifying Shareholders	22 February 2019
Ex-entitlement Date of the Open Offer	8.00 a.m. 22 February 2019
Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders in CREST	As soon as possible after 8.00 a.m. 25 February 2019
Recommended latest time for requesting withdrawal of Open Offer Entitlements from CREST	4.30 p.m. 5 March 2019
Latest time and date for depositing Open Offer Entitlements into CREST	3.00 p.m. 6 March 2019
Latest time and date for splitting Application Forms (to satisfy bona fide market claims only)	3.00 p.m. 7 March 2019
Latest time and date for receipt of completed Forms of Proxy and receipt of electronic proxy appointments via the CREST system for the General Meeting	10.00 a.m. 8 March 2019
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate)	11.00 a.m. 11 March 2019
Announcement of the result of the Open Offer	12 March 2019
General Meeting	10.00 a.m. 12 March 2019
Announcement of result of General Meeting	12 March 2019
Admission and commencement of dealings in the New Shares	8.00 a.m. 13 March 2019
New Shares in uncertificated form expected to be credited to accounts in CREST	As soon as possible after 8.00 a.m. 13 March 2019
Despatch of definitive share certificates for the New Shares in certificated form	By 27 March 2019

Notes:

1. Each of the above times and/or dates is subject to change at the absolute discretion of the Company and Arden. If any of the above times and/or dates should change, the revised times and/or dates will be announced through a Regulatory Information Service.
2. All of the above times refer to London time unless otherwise stated.
3. All events listed in the above timetable following the General Meeting are conditional on the passing of the Resolutions at the General Meeting.

SHARE CAPITAL AND FUNDRAISING STATISTICS

Issue Price for each New Share	2 pence
Basis of Open Offer	7 New Shares for every 1 Existing Ordinary Share
Number of Existing Ordinary Shares in issue as at the date of this document	28,578,773
Number of Placing Shares to be issued pursuant to the Placing	188,125,000
Number of Subscription Shares to be issued pursuant to the Subscription	11,875,000
Maximum number of Open Offer Shares to be issued pursuant to the Open Offer	200,000,000
Enlarged Share Capital immediately following completion of the Fundraising*	428,578,773
Market capitalisation at Issue Price*	£8.6 million
New Shares as a percentage of the Enlarged Share Capital*	93 per cent.
Estimated gross proceeds of the Fundraising*	£8.0 million
Estimated net proceeds of the Fundraising*	£7.5 million
ISIN – Ordinary Shares	GB00BKWQ1135
ISIN – Open Offer Basic Entitlements	GB00BHZPYC86
ISIN – Open Offer Excess Entitlements	GB00BHZPYD93

* Assuming take-up in full of the Open Offer by Qualifying Shareholders

DIRECTORS, SECRETARY AND ADVISERS

Directors	David Banks <i>Chairman</i> Keith Broadbent, <i>Chief Operating Officer</i> Laura Redman-Thomas, <i>Chief Financial Officer</i> Graham Dudley Eves MA, <i>Non-Executive Director</i> Roger James Humm MBA BSc (Hons) FCA, <i>Non-Executive Director</i>
Company Secretary	Matt Wood
all of whose business address is:	at the Registered Office
Registered Office	Clos Fferws Parc Hendre Capel Hendre Ammanford Carmarthenshire SA18 3BL
Nominated Adviser and Broker	Arden Partners plc 125 Old Broad Street London EC2N 1AR
Auditors	BDO LLP 55 Baker Street London W1U 7EU
Legal advisers to the Company	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT
Legal Advisers to the Nominated Adviser and Broker	Pinsent Masons LLP 30 Crown Place Earl Street London EC2A 4ES
Registrars and Receiving Agent for the Open Offer	Share Registrars Ltd The Courtyard 17 West Street Farnham Surrey GU9 7DR

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

“Act”	the Companies Act 2006 (as amended)
“Admission”	the admission of the New Shares (or any of them) (as the case may be) to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies governing the admission to and operation of AIM published by the London Stock Exchange as amended from time to time
“Applicant”	a Qualifying Shareholder or a person by virtue of a <i>bona fide</i> market claim who lodges an Application Form or relevant CREST instruction under the Open Offer
“Application Form”	the application form relating to the Open Offer and enclosed with this document for use by Qualifying non-CREST Shareholders
“Arden”	Arden Partners plc, the Company’s nominated adviser
“Articles”	the articles of association of the Company in force at the date of this document
“Basic Entitlement(s)”	the pro rata entitlement for Qualifying Shareholders to subscribe for Open Offer Shares, pursuant to the Open Offer as described in Part III of this document
“Board” or “the Directors”	the directors of the Company, as at the date of this document, whose names are set out on page 6 of this document
“Business Day”	a day (excluding Saturdays, Sundays and public holidays in the United Kingdom) upon which dealings in domestic securities may take place on the London Stock Exchange
“CCSS”	the CREST Courier and Sorting Service, established by Euroclear to facilitate, amongst other things, the deposit and withdrawal of certificated securities
“certified” or “in certificated form”	in relation to a share or other security, a share or other security that is not in uncertificated form, that is not in CREST
“Circular” or “Document”	this circular, dated 22 February 2019
“City Code”	the City Code on Takeovers and Mergers
“Closing Price”	the closing middle market quotation of a share as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange
“Company”	Haydale Graphene Industries Plc a company incorporated in England and Wales with company number 7228939 whose registered office is at Clos Fferws, Parc Hendre, Capel Hendre, Ammanford, Carmarthenshire, SA18 3BL
“CREST”	the relevant system (as defined in the CREST Regulations 2001) for the paperless settlement of trades and the holding of uncertificated securities, operated by Euroclear, in accordance with the same regulations

“CREST Manual”	the rules governing the operation of CREST, as published by Euroclear
“CREST member”	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations)
“CREST participant”	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)
“CREST payment”	shall have the meaning given in the CREST Manual issued by Euroclear
“CREST Regulations”	the Uncertified Securities Regulations 2001 (SI 2001 No. 3875), as amended
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member (which includes all CREST Personal Members)
“Disclosure and Transparency Rules”	the disclosure and transparency rules of the FCA as amended from time to time
“EEA”	the European Economic Union
“Enlarged Share Capital”	the issued Ordinary Share capital of the Company immediately following the issue of the New Shares
“EU”	the European Union
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“Excess Entitlement(s)”	Open Offer Shares in excess of the Basic Entitlement, but not in excess of the total number of Open Offer Shares, allocated to a Qualifying Shareholder pursuant to the Open Offer as described in Part III of this document
“Excess Application Facility”	the arrangement pursuant to which Qualifying Shareholders may apply for additional Open Offer Shares in excess of the Basic Entitlement in accordance with the terms and conditions of the Open Offer
“Excess CREST Open Offer Entitlement”	in respect of each Qualifying CREST Shareholder, the entitlement to apply for Open Offer Shares in addition to the Basic Entitlement credited to the Qualifying CREST Shareholder’s account in CREST, pursuant to the Excess Application Facility, which is conditional on the Qualifying CREST Shareholder taking up his Basic Entitlement in full and which may be subject to scaling back in accordance with the provisions of this document
“Excess Shares”	the Open Offer Shares for which Qualifying Shareholders may apply under the Excess Application Facility in addition to their Basic Entitlement
“Ex-entitlement Date”	the date on which the Existing Ordinary Shares are marked ‘ex’ for entitlement under the Open Offer being 22 February 2019
“Existing Ordinary Shares”	the 28,578,773 Ordinary Shares in issue as at the date of this document being the entire issued share capital of the Company prior to the Fundraising
“FCA”	the Financial Conduct Authority of the UK

“Form of Proxy”	the form of proxy enclosed with this document for use in relation to the General Meeting
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Fundraising”	together, the Placing, the Subscription and the Open Offer
“General Meeting”	the General Meeting of the Company, convened for 10.00 a.m. on 12 March 2019 or any adjournment thereof, notice of which is set out at the end of this document
“Group”	together the Company and its subsidiary undertakings
“Haydale”	Haydale Limited, a wholly owned subsidiary of the Company
“HMRC”	Her Majesty’s Revenue & Customs
“ISIN”	International Securities Identification Number
“Issue Price”	2 pence per New Share
“London Stock Exchange”	London Stock Exchange plc
“member account ID”	the identification code or number attached to any member account in CREST
“Money Laundering Regulations”	the Anti-Terrorism, Crime and Security Act 2001, the Proceeds of Crime Act 2002 (as amended) and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
“New Shares” or “New Ordinary Shares”	together, the Placing Shares, the Subscription Shares and the Open Offer Shares
“Notice of General Meeting”	the notice convening the General Meeting as set out at the end of this document
“Official List”	the Official List of the UKLA
“Open Offer”	the conditional invitation to Qualifying Shareholders to apply for the Open Offer Shares at the Issue Price on the terms and conditions outlined in this document and, where relevant, in the Application Form
“Open Offer Entitlements”	entitlements for Qualifying Shareholders to subscribe for Open Offer Shares pursuant to the Basic Entitlement and Excess Entitlement
“Open Offer Shares”	up to 200,000,000 New Ordinary Shares to be issued pursuant to the Open Offer
“Ordinary Shares”	ordinary shares of 2 pence each in the capital of the Company having the rights and being subject to the restrictions contained in the Articles
“Overseas Shareholders”	Shareholders with registered addresses, or who are citizens or residents of, or incorporated in, countries outside of the United Kingdom
“participant ID”	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
“Placing”	the placing by Arden, as agent of and on behalf of the Company, of Placing Shares at the Issue Price on the terms and subject to the conditions in the Placing and Open Offer Agreement

“Placing and Open Offer Agreement”	the conditional agreement dated 22 February 2019 between the Company and Arden, relating to the Fundraising
“Placing Shares”	the 188,125,000 New Shares to be issued pursuant to the Placing
“Prospectus Rules”	the Prospectus Rules made in accordance with EU Prospectus Directive (2003/71/EC) in relation to offers of securities to the public and admission of securities to trading on a regulated market
“Publicly Available Information”	any information published by the Company using a Regulatory Information Service
“Qualifying CREST Shareholders”	Qualifying Shareholders holding Existing Ordinary Shares which, on the register of members of the Company on the Record Date, are in uncertificated form in CREST
“Qualifying non-CREST Shareholders”	Qualifying Shareholders holding Existing Ordinary Shares which, on the register of members of the Company on the Record Date, are in certificated form
“Qualifying Shareholders”	subject to any restrictions imposed on Overseas Shareholders, holders of Existing Ordinary Shares whose names appear on the register of members of the Company on the Record Date as holders of Existing Ordinary Shares and who are eligible to be offered Open Offer Shares under the Open Offer in accordance with the terms and conditions set out in this document
“Record Date”	20 February 2019
“Registrar”, “Receiving Agent” or “Share Registrars”	Share Registrars Limited The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR
“Regulatory Information Service”	a service approved by the London Stock Exchange for the distribution to the public of AIM announcements and included within the list on the website of the London Stock Exchange
“Resolutions”	the resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting
“Restricted Jurisdictions”	the United States, Australia, Canada, Japan and any other jurisdiction where the extension or availability of the Open Offer would breach any applicable law
“Securities Act”	the United States Securities Act of 1933, as amended
“Shareholders”	registered holders of Ordinary Shares
“Subscribers”	certain persons including certain Directors who propose to subscribe for the Subscription Shares pursuant to the Subscription Agreements
“Subscription(s)”	the conditional subscriptions by the Subscribers for the Subscription Shares at the Issue Price to be made on the terms and subject to the conditions set out in the Subscription Agreements
“Subscription Agreements”	the conditional letter agreements entered into between the Company and each of the Subscribers, relating to the Subscriptions
“Subscription Shares”	New Ordinary Shares which are proposed to be issued pursuant to the Subscriptions

“UK”	the United Kingdom of Great Britain and Northern Ireland
“UKLA”	the UK Listing Authority, being the FCA acting as the competent authority for the purposes of Part VI of the FSMA
“uncertificated” or “in uncertificated form”	a share or other security recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“US or United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“USE”	unmatched stock event

A reference to £ is to pounds sterling, being the lawful currency of the UK.

A reference to US\$ is to United States of America (USA) dollars, being the lawful currency of the USA.

A reference to € or Euro is to the lawful currency of the Euro area.

PART I

LETTER FROM THE CHAIRMAN

HAYDALE GRAPHENE INDUSTRIES PLC

(incorporated and registered in England and Wales with registered number 7228939)

Directors

David Banks, *Interim Executive Chairman*
Keith Broadbent, *Chief Operating Officer*
Laura Redman-Thomas, *Chief Financial Director*
Graham Dudley Eves MA, *Non-Executive Director*
Roger James Humm MBA BSc (Hons) FCA, *Non-Executive Director*

Registered Office

Clos Fferws
Parc Hendre
Capel Hendre
Ammanford
Carmarthenshire
SA18 3BL

22 February 2019

Dear Shareholder,

**Placing, Subscription and Open Offer of up to 400,000,000 New Shares at
2 pence per New Share**

Notice of General Meeting

1. Introduction

On 22 February 2019, the Company announced that it had conditionally raised £3.8 million (before expenses) through a conditional placing of 188,125,000 New Shares to certain existing and new institutional and other investors and the Company also announced that it had conditionally raised approximately £0.2 million through conditional subscriptions for New Shares by certain persons including Directors. All such shares are to be issued at the Issue Price.

The Board recognises and is grateful for the continued support received from Shareholders and is pleased to offer to all Qualifying Shareholders the opportunity to participate in the Open Offer to raise a maximum of £4.0 million (assuming full take up of the Open Offer) through the issue of Open Offer Shares to Qualifying Shareholders at a price of 2 pence per share. Application will be made for all the New Ordinary Shares (comprising the Placing Shares, Subscription Shares and the Open Offer Shares) to be admitted to trading on AIM which is expected to occur at 8.00 am on 13 March 2019.

Information about the Open Offer, the Company's business and the risks of investing in the Company, are set out in this document, which you are encouraged to read carefully.

In summary therefore the Fundraising comprises:

- a placing of 188,125,000 Placing Shares to raise approximately £3.8 million (before expenses);
- subscriptions for 11,875,000 Subscription Shares by the Subscribers to raise approximately £0.2 million (before expenses); and
- an Open Offer to Qualifying Shareholders to raise a maximum of £4.0 million.

The Issue Price of 2 pence represents a discount of approximately 83 per cent. to the closing mid-market price of 11.5 pence per share on 21 February 2019, the latest practicable date prior to the date of the Fundraising announcement made on 22 February 2019.

Each of the Placing, the Subscriptions and the Open Offer are conditional, inter alia, upon Shareholders approving the Resolutions at the General Meeting that will grant to the Directors the authority to allot the New Shares for cash on a non-pre-emptive basis. The Resolutions are contained in the Notice of General Meeting at the end of this document. Admission of the New Shares is expected to occur no later than 8.00 a.m. on 13 March 2019 or such later time and/or dates as Arden and the Company may agree (being in any event no later than 27 March 2019). None of the Placing, Subscription or Open Offer are being underwritten.

The purpose of this document is to provide you with details of and the background to the Fundraising and to explain why the Directors believe that the Fundraising is in the best interests of the Company and its Shareholders as a whole.

2. Background to and reasons for the Fundraising

The Directors believe that the Group is at the forefront of functionalisation of advanced materials. Over the past few years, the Group has made significant investments in R&D, to understand requirements and complexities required to achieve stable and uniform dispersion of graphene and other 2D materials, and in the Group's global presence. The Group is now in a period of transformation and focus on the delivery of commercial opportunities in Silicon Carbide, functional inks and graphene composites with a view to the Group becoming profitable in the medium term. In order to realise this transformation plan the Group requires additional capital to finance its working capital, restructuring and capital investment.

3. Appointment of CEO

Haydale is pleased to announce the appointment of Keith Broadbent as CEO, subject to the passing of all Resolutions at the General Meeting. Keith is currently COO of the Group having joined the Company in July 2017 and was subsequently appointed to the Board in September 2018. Prior to joining the Board Keith was Managing Director of the Group's Resins, Polymers and Composites SBU.

Since joining the Board, Keith has led, in conjunction with Laura Redman-Thomas (CFO), a review of the Group's operations in order to re-focus the Group on areas where it can achieve commercial success in the short and medium term. As part of this review, the Board has also considered the cost base of the Group relative to its existing operational scale resulting in an annualised £1.0 million reduction in its S,G&A costs, as previously announced on 9 November 2018.

Prior to joining Haydale, Keith held a number of senior operational and commercial positions which covered aerospace, automotive, defence, marine and medical sectors. His experience includes significant multi-site responsibilities in both the UK and internationally. The companies Keith has worked for include Princess Yachts International, Sunseeker, TT Electronics and most recently at Ultra Electronics. Keith has demonstrated a strong track record in the delivery of budgets, high level customer service and enhancing shareholder value.

4. Use of Proceeds for the Fundraising

The net proceeds of the Fundraising are expected to be applied to general working capital and specific capital investment in inks (in both the UK and Taiwan) and pre-preg in the UK. The capital investment planned is expected to support the immediate commercial opportunities identified and being pursued by the Group. This investment reflects the Group's strategy to focus resources on customers and markets that the Directors believe are closest to generating commercial orders, at scale.

The Directors have undertaken a review of the Group's operations and its sales targets with an intention to focus the business on realising commercial revenues in the short and medium term. Accordingly, the Group intends to focus on three core areas:

Silicon Carbide ("SiC")

The Group previously acquired a US based nano-2D business with a long term order book and regular repeat sales of c.\$3.5 million per annum. This division currently accounts for the majority of the Group's sales and profitability. Recently the Group has made significant investment of approximately \$1.5 million in the division to produce a higher value product, 'Blanks'. This is expected to launch in March 2019. The Blanks project has been driven by customer demand and is pre-qualified with three leading industrial manufacturers. The Directors expect the SiC division to grow its sales at approximately 30 per cent per annum.

Functionalised Inks

The Group has developed functionalised graphene inks that the Directors believe are more stable and accurate than those available from its competitors. The Group has previously announced a number of developments with commercial partners, including the commencement of supply of functionalised ink to a major print house in Taiwan for use in biomedical sensors. Additionally, the Group's facility in

Ammanford is producing pressure sensor ink for use in wearables. This includes a functionalised piezoresistive ink for deployment in diagnostic helmets able to measure and collect high quality impact and pressure data. Haydale's inks are also being designed into garments being designed by leading wearables manufacturer, Makalot, with whom Haydale has signed a Joint Development Agreement ("JDA"). The JDA allows the parties to quickly co-develop screen printable conductive graphene inks to produce smart sensors to be incorporated into wearable products for a range of Makalot's existing customers. The Group has previously supplied more than 30kg of ink to Makalot for pre-production and production trials. This graphene-based ink recently passed washability tests, a key milestone along the way to mass production.

Graphene Composites

Previously the Group has invested significant time and expense in gaining an understanding of graphene enhanced composites. The development cycle has proved longer than originally expected and the Group has therefore reduced the cost and is utilising its knowledge in faster adopting markets. This includes utilising graphene enhanced pre-preg in bicycles and niche automotive markets. Working capital will be deployed by the Group in supporting the ongoing development and commercialisation of the Group's products. The Directors also intend to retain a focus on the cost control and expect to incur one off restructuring costs over the next 6 months.

5. Current Trading

The Directors continue to implement the management actions already started to re-set the cost base, reducing central cost, and consolidate the Group's position over the next 6 months. There will be a marginal impact on sales in the current financial year as restructuring continues and operational changes are bedded in. The Group is looking to leverage the significant investment already made in the Group's US business to create a stable platform for the Group to achieve its plan to profitability and cash breakeven in the near term. While the Directors believe in the long-term prospects of the Group and its opportunity as set out above, in the short term the Group requires cash financing. Accordingly, should the Fundraising not proceed the Directors will need to consider alternative funding options and there can be no guarantee that funding will be available to the Group or on terms that enable the Group to continue its operations.

Further details of the Group's trading in the six months to 31 December 2018 are set out in the Group's unaudited interim results which were also released today.

6. Details of the Placing

On 22 February 2019, the Company announced that it had conditionally placed 188,125,000 Placing Shares at 2 pence per Placing Share with certain new and existing institutional and other investors to raise approximately £3.8 million (before expenses). The Placing Shares will represent approximately 658 per cent. of the Existing Ordinary Shares. The aggregate net proceeds after costs related to the Placing are expected to be £3.5 million. The Placing Shares shall, when issued, rank in full for any dividend or other distribution declared, made or paid after Admission and otherwise equally in all respects with the Existing Ordinary Shares.

Pursuant to the terms of the Placing and Open Offer Agreement, Arden as agent for the Company, has agreed to use its reasonable endeavours to procure placees for the Placing Shares at the Issue Price. The Placing and Open Offer Agreement contains warranties from the Company in favour of Arden in relation to, *inter alia*, the accuracy of the information contained in the documents relating to the Placing and Open Offer and certain other matters relating to the Company and its business. In addition, the Company has agreed to indemnify Arden in relation to certain liabilities that it may incur in respect of the Placing.

Arden may terminate the Placing and Open Offer Agreement in certain circumstances (including for breach of warranty at any time prior to Admission, if such breach is reasonably considered by Arden to be material in the context of the Placing) and in the event of a force majeure event or material adverse change occurring at any time prior to Admission.

Application will be made to London Stock Exchange for the Placing Shares to be admitted to trading on AIM and it is anticipated that trading in the Placing Shares will commence on AIM at 8.00 a.m. on

13 March 2019. Neither the Placing nor any element of the Fundraising is being underwritten by Arden or any other person.

The Placing is conditional, amongst other things, on the following:

- i. the passing of the Resolutions at the General Meeting;
- ii. the Placing and Open Offer Agreement not being terminated prior to Admission of the Placing Shares; and
- iii. Admission of the Placing Shares becoming effective on or before 8.00 a.m. on 13 March 2019 (or such later date and/or time as the Company and Arden may agree, being no later than 27 March 2019).

The Placing is not conditional on completion of the Open Offer or the Subscription.

7. Details of the Subscription and Directors' Participation

Certain of the Directors have agreed to subscribe on a conditional basis for 1,875,000 Subscription Shares at the Issue Price. In addition another Subscriber has agreed to subscribe 10 million Subscription Shares.

<i>Name</i>	<i>Amount (£)</i>	<i>Subscription Shares</i>
David Banks	10,000	500,000
Keith Broadbent	10,000	500,000
Laura Redman-Thomas	7,500	375,000
Roger Humm	10,000	500,000

Application will be made to London Stock Exchange for the Subscription Shares to be admitted to trading on AIM and it is anticipated that trading in the Subscription Shares will commence on AIM at 8.00 a.m. on 13 March 2019.

The Subscription is conditional, amongst other things, on the following:

- i. the passing of the Resolutions at the General Meeting;
- ii. completion of the Placing;
- iii. the Placing and Open Offer Agreement not being terminated prior to Admission of the Subscription Shares and being otherwise unconditional in all respects; and
- iv. Admission becoming effective on or before 8.00 a.m. on 13 March 2019 (or such later date and/or time as the Company and Arden may agree, being no later than 27 March 2019).

8. Details of the Open Offer

The Company considers it important that Qualifying Shareholders have an opportunity (where it is practicable for them to do so) to participate at the same price per Ordinary Share as the Placing and accordingly the Company is making the Open Offer to Qualifying Shareholders. The Company is proposing to raise a maximum of £4.0 million (before expenses) (assuming full take up of the Open Offer but being less than the €8 million maximum amount permitted without requiring the publication by the Company of a prospectus under the Prospectus Rules) through the issue of up to 200,000,000 Open Offer Shares.

The Open Offer Shares are available to Qualifying Shareholders pursuant to the Open Offer at the Issue Price of 2 pence per Open Offer Share (being the same price as the price at which New Shares are being issued pursuant to the Placing), payable in full on acceptance. Any Open Offer Shares not applied for by Qualifying Shareholders will be available to Qualifying Shareholders under the Excess Application Facility.

The Open Offer is conditional, amongst other things, on the following:

- i. the passing of the Resolutions at the General Meeting;

- ii. completion of the Placing and the Subscription;
- iii. the Placing and Open Offer Agreement not being terminated prior to Admission and becoming and being declared otherwise unconditional in all respects; and
- iv. Admission of the Open Offer Shares becoming effective on or before 8.00 a.m. on 13 March 2019 (or such later date and/or time as the Company and Arden may agree, being no later than 27 March 2019).

Basic Entitlement

On, and subject to the terms and conditions of the Open Offer, the Company invites Qualifying Shareholders to apply for their Basic Entitlement of Open Offer Shares at the Issue Price. Each Qualifying Shareholder's Basic Entitlement has been calculated on the following basis:

7 Open Offer Shares for every 1 Existing Ordinary Share held at the Record Date

Basic Entitlements will be rounded down to the nearest whole number of Ordinary Shares.

Excess Entitlement

Qualifying Shareholders are also invited to apply for additional Open Offer Shares (up to the total number of Open Offer Shares available to Qualifying Shareholders under the Open Offer) as an Excess Entitlement. Any Open Offer Shares not issued to a Qualifying Shareholder pursuant to their Basic Entitlement will be apportioned between those Qualifying Shareholders who have applied for an Excess Entitlement at the sole discretion of the Board, provided that no Qualifying Shareholder shall be required to subscribe for more Open Offer Shares than he or she has specified on the Application Form or through CREST.

The Open Offer Shares will, when issued and fully paid, rank *pari passu* in all respects with the Ordinary Shares in issue at that time, including the right to receive all dividends and other distributions declared, made or paid after the date of Admission of them.

Qualifying Shareholders should note that the Open Offer is not a "rights issue". Invitations to apply under the Open Offer are not transferable unless to satisfy bona fide market claims. Qualifying non-CREST Shareholders should be aware that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should also be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market nor will they be placed for the benefit of Qualifying Shareholders who do not apply for Open Offer Shares under the Open Offer.

Settlement and dealings

Application will be made to the London Stock Exchange for Admission of the Open Offer Shares. It is expected that such Admission will become effective and that dealings will commence at 8.00 a.m. on 13 March 2019.

Overseas Shareholders

The Open Offer Shares have not been and are not intended to be registered or qualified for sale in any jurisdiction other than the United Kingdom. Accordingly, unless otherwise determined by the Company and effected by the Company in a lawful manner, the Application Form will not be sent to existing shareholders with registered addresses in any jurisdiction other than the United Kingdom since to do so would require compliance with the relevant securities laws of that jurisdiction. The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares which appears to the Company or its agents or professional advisers to have been executed, effected or despatched in a manner which may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents or professional advisers believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of share certificates for Open Offer Shares, or in the case of a credit of Open Offer Shares in CREST, to a CREST member whose registered address would not be in the UK.

Notwithstanding the foregoing and any other provision of this document or the Application Form, the Company reserves the right to permit any Qualifying Shareholder to apply for Open Offer Shares if the

Company, in their sole and absolute discretion, are satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Part III of this document together with the accompanying Application Form, in the case of Qualifying non-CREST Shareholders, contains the terms and conditions of the Open Offer.

If a Qualifying Shareholder does not wish to apply for Open Offer Shares he should not complete or return the Application Form or send a USE message through CREST.

9. Risk Factors

The attention of Shareholders is drawn to the risk factors set out in Part II of this document.

10. General Meeting

The General Meeting of the Company, notice of which is set out at the end of this document, is to be held at 10.00 a.m. on 12 March 2019 at the offices of Fieldfisher LLP, 9th Floor, Riverbank House, 2 Swan Lane, London, EC4R 3TT. The General Meeting is being held for the purpose of considering and, if thought fit, passing the Resolutions which are summarised below:

- i. Resolution 1 is an ordinary resolution, to authorise the Directors to allot the New Shares pursuant to the Fundraising; and
- ii. Resolution 2 is a special resolution to authorise the Directors, under section 570 of the Act, to allot the New Shares pursuant to the Fundraising on a non-pre-emptive basis.

Save in respect of the allotment of the New Shares, the Directors have no current intention to allot new Ordinary Shares, or rights to subscribe for or convert into Ordinary Shares, in the capital of the Company.

11. Action to be taken

General Meeting

You will find enclosed with this document a Form of Proxy for use by Shareholders at the General Meeting together with the Application Form. Whether or not you intend to be present at the General Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon. To be valid, completed Forms of Proxy must be received by Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR as soon as possible and in any event not later than 10.00 a.m. on 8 March 2019, being 48 hours (excluding non-working days) before the time appointed for holding the General Meeting. Completion of a Form of Proxy will not preclude you from attending the meeting and voting in person if you so choose.

Open Offer

Qualifying non-CREST Shareholders

If you are a Qualifying non-CREST Shareholder you will have received an Application Form, which accompanies this document and which gives details of your Basic Entitlement (as shown by the number of the Open Offer Shares allocated to you). If you wish to apply for Open Offer Shares under the Open Offer you should complete the accompanying Application Form in accordance with the procedure for application set out in Part III of this document and on the Application Form itself. The completed Application Form, accompanied by full payment, should be returned by post to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR so as to arrive as soon as possible and in any event no later than 11.00 a.m. on 11 March 2019.

Qualifying CREST Shareholders

Application has been made for the Open Offer Entitlements of Qualifying CREST Shareholders to be admitted to CREST. It is expected that the Open Offer Entitlements will be admitted to CREST on 25 February 2019. Applications through the CREST system may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim. If you are a Qualifying CREST Shareholder, no Application Form is enclosed but you will receive credits to your appropriate stock account in CREST in respect of the Basic Entitlements to which you are

entitled. You should refer to the procedure for application set out in Part III of this document. The relevant CREST instruction must have settled by no later than 11.00 a.m. on 11 March 2019.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer.

12. Admission

Application will be made to the London Stock Exchange for the Admission of the New Shares to trading on AIM. It is expected that Admission will become effective at 8.00 a.m. on 13 March 2019 and that dealings in the New Shares will commence at that time.

13. Overseas Shareholders

The distribution of this document, the Form of Proxy and Application Form to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the UK or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the UK may be affected by the laws or regulatory requirements of the relevant jurisdictions.

Accordingly, any persons into whose possession this document comes should inform themselves about and observe any applicable restrictions or requirements. No action has been taken by the Company that would permit possession or distribution of this document in any jurisdiction where action for that purpose is required. Any failure to comply with such restrictions or requirements may constitute a violation of the securities laws of any such jurisdiction.

14. Recommendation

The Directors believe that the passing of the Resolutions is in the best interests of the Company and Shareholders, taken as a whole. Accordingly the Directors unanimously recommend Shareholders to vote in favour of the Resolutions, as they will do in respect of their Ordinary Shares in the Company, representing 0.3 per cent. of the Existing Ordinary Shares.

The Placing, Subscription and the Open Offer are conditional, inter alia, upon the passing of the Resolutions at the General Meeting. Shareholders should be aware that if the Resolutions are not approved at the General Meeting, the Placing, Subscription and the Open Offer will not proceed.

Yours faithfully

David Banks

Interim Executive *Chairman*

PART II

RISK FACTORS

Qualifying Shareholders should be aware that an investment in the Company is highly speculative and involves a high degree of risk. Before making any investment decision, prospective investors should carefully consider all the information contained in this document including, in particular, the risk factors described below, which are not presented in any order of priority and may not be exhaustive.

The following risk factors are all those known by the Directors which are considered to be material in their opinion. Additional risks and uncertainties not currently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Group's business, financial condition and results of operations.

An investment in the Company may not be suitable for all recipients of this document. Qualifying Shareholders are advised to consult an independent financial adviser duly authorised under the FSMA who specialises in advising on the acquisition of shares and other securities before making a decision to invest.

Risk factors relating to the business and operations of the Group

Health and Safety

Many of the Group's products of advanced materials are nano in size and, although there is little actual evidence of any health risks associated with the handling of the Group's products, there is a theoretical risk that the Group's products could be a danger to health if an individual is exposed to and/or inhales/ingests some of the Group's products. The Group takes health and safety very seriously and manages the potential health and safety risk by regular staff training and restricting activities to only certain qualified individuals.

Acceptance of the Group's Products

The success of the Group will depend on the market's acceptance of, and attribution of value to, advanced materials technology developed by the Group based on converting principally raw, mined graphite and other synthetically produced graphenes into high quality functionalised graphene-based products, using a dry and low energy process, without using wet chemicals or acids and the application of Silicon Carbide nanofibers within paints and coatings.

Notwithstanding the technical merits of the processes developed by the Group, and the extensive market and product research carried out by management to assess the likelihood of acceptance of the Group's products, there can be no guarantee that its targeted customer base for the processes will ultimately purchase the Group's products or that purchase orders will be received in line with the Group's expected timing.

Intellectual Property Risk

The Group's success will depend in part on its ability to maintain adequate protection of its IP portfolio, covering its manufacturing process, additional processes, products and applications, including in relation to the development of specific functionalisation of graphene and other types of carbon-based nanomaterials for use in particular applications. The IP on which the Group's business is based is a combination of granted patents, patent applications and confidential know-how.

The Group aims to mitigate any risk that any of the Group's patents will not be held valid if challenged, or that third parties will claim rights in, or ownership of, the patents and other proprietary rights held by the Group through general vigilance, regular international IP searches as well as monitoring activities and regulations for developments in copyright/intellectual property law and enforcement.

Growth Risk

Expansion of the business of the Group may place additional demands on the Group's management administrative and technological resources and marketing capabilities, and may require additional capital expenditure. The Group monitors the additional demands on resources on a regular basis and strengthens resources as necessary. If the Group is unable to manage any such expansion effectively, then this may adversely impact the business, development, financial condition, results of operations, prospects, profits, cash flow and reputation of the Group.

Competition Risk

The Group's current and potential competitors include companies and academic institutions, many of whom have significantly greater financial resources than the Group and management regularly reviews the competitive landscape. There can be no assurance that competitors will not succeed in developing products that are more effective or economic than any developed by the Group or which would render the Group's products non-competitive or obsolete.

Dependence on Key Personnel

The Group's business, development and prospects are dependent upon the continued services and performance of its Directors. The experience of the Group's personnel helps provide the Group with a competitive advantage. The Directors believe that the loss of services of any existing key executives, for any reason, or failure to attract and retain necessary additional personnel, could adversely impact on the business, development, financial condition, results of operations and prospects of the Group.

The Group aims to mitigate this risk by providing well-structured and competitive reward and benefit packages that ensure our ability to attract and retain key employees.

Risks relating to the Placing, Subscription and the Open Offer

Investment in AIM Securities

An investment in shares traded on AIM may be less liquid and is perceived to involve a higher degree of risk than an investment in a company whose shares are listed on the Official List. Prospective investors should be aware that the value of the Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Group. Investors may therefore realise less than, or lose all of, their investment.

AIM Rules

The AIM Rules are less onerous than those of the Official List. Neither the FCA nor the London Stock Exchange has examined or approved the contents of this document. Shareholders and prospective investors (as appropriate) should be aware of the risks of investing in AIM quoted shares and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

Dilution of ownership of Ordinary Shares

Shareholders' (who are not Placees) proportionate ownership and voting interest in the Company will be reduced pursuant to the Placing and Subscription. In addition, to the extent that Shareholders do not take up the offer of Open Offer Shares under the Open Offer, their proportionate ownership and voting interest in the Company will be further reduced and the percentage that their shareholdings represent of the ordinary share capital of the Company will, following Admission, be reduced accordingly. Subject to certain exceptions, Shareholders in the United States and other Restricted Jurisdictions will not be able to participate in the Open Offer.

Volatility of share price

The trading price of the Ordinary Shares may be subject to wide fluctuations in response to a number of events and factors, such as variations in operating results, announcements of innovations or new services by the Group or its competitors, changes in financial estimates and recommendations by securities analysts, the share price performance of other companies that investors may deem comparable to the Group, news reports relating to trends in the Group's markets, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations,

legislative or regulatory changes and general economic conditions. These fluctuations may adversely affect the trading price of the Ordinary Shares, regardless of the Group's performance.

The following factors, in addition to other risks described in this document, may have a significant effect on the market price of the Ordinary Shares:

- variations in operating results;
- actual or anticipated changes in the estimates of operating results or changes in stock market analyst recommendations regarding the Ordinary Shares, other comparable companies or the industry generally;
- macro-economic conditions in the countries in which the Group may do business;
- foreign currency exchange fluctuations and the denominations in which the Group may conduct business and holds cash reserves;
- market conditions in the industry, the industries of customers and the economy as a whole;
- actual or expected changes in the Group's growth rates or competitors' growth rates;
- changes in the market valuation of similar companies;
- trading volume of the Ordinary Shares;
- sales of the Ordinary Shares by the Directors or other Shareholders; and
- adoption or modification of regulations, policies, procedures or programs applicable to the Group's business.

In addition, if the stock market in general experiences loss of investor confidence, the trading price of the Ordinary Shares could decline for reasons unrelated to the Group's business, financial condition or operating results. The trading price of the Ordinary Shares might also decline in reaction to events that affect other companies in the industry, even if such events do not directly affect the Group. Each of these factors, among others, could harm the value of the Ordinary Shares.

Future capital raisings may not be successful

If securities or industry analysts do not publish research or publish unfavourable or inaccurate research about the business, the Company's share price and trading volume of the Ordinary Shares could decline. The trading market for the Ordinary Shares will depend, in part, on the research and reports that securities or industry analysts publish about the Group or its business. The Directors may be unable to sustain coverage by well-regarded securities and industry analysts. If either none or only a limited number of securities or industry analysts maintain coverage of the Company, or if these securities or industry analysts are not widely respected within the general investment community, the trading price for the Ordinary Shares could be negatively impacted. In the event that the Group obtains securities or industry analyst coverage, if one or more of the analysts who cover the Company downgrade the Ordinary Shares or publish inaccurate or unfavourable research about the Group's business, the share price would be likely to decline. If one or more of these analysts cease coverage of the Company or fail to publish reports regularly, demand for the Ordinary Shares could decrease, which might cause the share price and trading volume to decline.

Future payment of dividends

There can be no assurance as to the level of future dividends (if any). The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Directors and shareholders of the Company and will depend upon, *inter alia*, the Company's earnings, financial position, cash requirements and availability of profits as well as the provisions of relevant laws and/or generally accepted accounting principles from time to time.

Valuation of shares

The Issue Price has been determined by the Company and may not relate to the Company's net asset value, net worth or any established criteria or value. There can be no guarantee that the Ordinary Shares will be able to achieve higher valuations or, if they do so, that such higher valuations can be maintained.

Market perception

Market perception of the Company may change, potentially affecting the value of investors' holdings and the ability of the Company to raise further funds by the issue of further Ordinary Shares or otherwise.

Suitability

A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his or her personal circumstances and the financial resources available to him or her. An investment in the Company involves a high degree of risk and may not be suitable for all recipients of this document. Prospective investors are advised to consult a person authorised by the FCA (or, if outside the UK, another appropriate regulatory body) before making their decision.

PART III

TERMS AND CONDITIONS OF THE OPEN OFFER

1. Introduction

As explained in Part I of this document, the Company is proposing to issue 188,125,000 Placing Shares and 11,875,000 Subscription Shares pursuant to the Placing and Subscription to raise £4.0 million in aggregate, before expenses, and up to a further 200,000,000 Open Offer Shares pursuant to the Open Offer to raise a further £4.0 million (before expenses).

Qualifying Shareholders are being offered the opportunity under the Open Offer to acquire Open Offer Shares at 2 pence per share, being the same price per share as in the Placing and Subscription. The Placing Shares and Subscription Shares are not subject to claw-back and do not form part of the Open Offer.

The Issue Price of 2 pence represents a discount of approximately 91 per cent. to the price of 22.8 pence per Existing Ordinary Share, being the average Closing Price for the preceding 20 Business Days prior to the announcement of the Fundraising. This document and, where relevant, the Application Form contain the formal terms and conditions of the Open Offer.

2. The Open Offer

Subject to the terms and conditions set out below and in the Application Form, the Company invites Qualifying Shareholders to apply for Open Offer Shares at the Issue Price, payable in full in cash on application, free of all expenses, on the basis of:

7 Open Offer Shares for every 1 Existing Ordinary Share

held by them and registered in their names at close of business on 20 February 2019, the Record Date, and so in proportion for any other number of Existing Ordinary Shares then held.

A Qualifying Shareholder who holds Existing Ordinary Shares in certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating entitlements under the Open Offer.

Fractions of Open Offer Shares will not be allocated to Qualifying Shareholders and entitlements to apply for Open Offer Shares will be rounded down to the nearest whole number of Open Offer Shares.

Qualifying Shareholders may apply for any whole number of Open Offer Shares up to their Basic Entitlement, which, in the case of Qualifying non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown in Box 7 on their Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements credited to their stock account in CREST. The action to be taken in relation to the Open Offer depends on whether you have received an Application Form in respect of your Open Offer Entitlement under the Open Offer or have your Open Offer Entitlement credited to your stock account in CREST.

Qualifying Shareholders are also invited to apply for additional Open Offer Shares as an Excess Entitlement, up to the total number of Open Offer Shares available under the Open Offer. Any Open Offer Shares not issued to a Qualifying Shareholder pursuant to their Basic Entitlement will be apportioned between those Qualifying Shareholders who have applied for Excess Entitlements at the sole discretion of the Board, provided that no Qualifying Shareholder shall be required to subscribe for more Open Offer Shares than he or she has specified on the Application Form or through CREST.

If you have received an Application Form with this document please refer to paragraph 4.1 of this Part III.

If you hold your Existing Ordinary Shares in CREST and have received a credit of Open Offer Entitlements to your CREST stock account, please refer to paragraph 4.2 of this Part III and also to the CREST Manual for further information on the CREST procedures referred to below.

The Open Offer is not a rights issue. Qualifying CREST Shareholders should note that although the Open Offer Entitlements (in respect of Qualifying CREST Shareholders) may be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim raised by Euroclear's Claims Processing Unit. Qualifying non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer.

The Existing Ordinary Shares are admitted to AIM. Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to trading on AIM. It is expected that Admission will become effective on 13 March 2019 and that dealings in the Open Offer Shares will commence at 8.00 a.m. on that date.

The Existing Ordinary Shares are already enabled for settlement in CREST. No further application for admission to CREST is required for the Open Offer Shares; all such shares, when issued and fully paid, may be held and transferred by means of CREST as Ordinary Shares.

Application has been made for the Open Offer CREST Entitlements to be enabled for settlement in CREST. The conditions to such admission having already been met, the Open Offer Entitlements are expected to be admitted to CREST with effect from 25 February 2019. The Open Offer Shares will be issued fully paid and will be identical to, and rank *pari passu* in all respects with, the Existing Ordinary Shares and will rank for all dividends or other distributions declared, made or paid after the date of issue of the Open Offer Shares. No temporary documents of title will be issued. Further details of the rights attaching to the Existing Ordinary Shares are set out in the Articles of Association which are available on the Company's website (www.haydale.com).

3. Conditions of the Open Offer

The Open Offer is conditional upon the Placing and Open Offer Agreement becoming unconditional in all respects (in so far as it relates to the Open Offer). The Placing and Open Offer Agreement are conditional, amongst other things, on:

- i. the passing of the Resolutions at the General Meeting;
- ii. completion of the Placing and Subscription;
- iii. the Placing and Open Offer Agreement not being terminated prior to Admission and becoming and being declared otherwise unconditional in all respects; and
- iv. Admission of the Placing Shares becoming effective on or before 8.00 a.m. on 13 March 2019 (or such later date and/or time as the Company and Arden may agree, being no later than 27 March 2019).

If these and the other conditions to the Open Offer are not satisfied or waived (where capable of waiver), the Open Offer will lapse and will not proceed and any applications made by Qualifying Shareholders will be rejected. In these circumstances, application monies received by the Receiving Agent in respect of Open Offer Shares will be returned (at the applicant's sole risk), without payment of interest, as soon as reasonably practicable thereafter. Lapsing of the Open Offer cannot occur after dealings in the Open Offer Shares have begun.

4. Procedure for application and payment

If you are in any doubt as to the action you should take, or the contents of this document, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent adviser duly authorised under the FSMA who specialises in advising on the acquisition of shares and other securities.

The action to be taken by Qualifying Shareholders in respect of the Open Offer depends on whether at the relevant time they have an Application Form in respect of their entitlement under the Open Offer or they have Open Offer Entitlements credited to their CREST stock account in respect of such entitlement.

If a Qualifying CREST Shareholder is a CREST sponsored member they should refer to their CREST sponsor if they wish to apply for all or some of their entitlement under the Open Offer, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

If for any reason it becomes necessary to adjust the expected timetable as set out in this document the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

4.1 If you have an Application Form in respect of your Open Offer Entitlement

4.1.1 General

Subject as provided in paragraph 6 of this Part III in relation to Overseas Shareholders, Qualifying non-CREST Shareholders will receive an Application Form. The Application Form shows the number of Existing Ordinary Shares registered in your name on the Record Date. It also shows the number of Open Offer Shares for which you may apply pursuant to your Basic Entitlement (on an initial pro rata basis) as shown by the total number of Open Offer Shares allocated to you. You may apply for less than your initial pro rata entitlement should you wish to do so. You may also apply for additional Open Offer Shares by completing Boxes 3 and 4 on the Application Form relating to your Excess Entitlement.

Qualifying non-CREST Shareholders may also hold such an Application Form by virtue of a bona fide market claim. If the total number of Open Offer Shares applied for by all Qualifying Shareholders exceeds 200,000,000, applications for Open Offer Shares will be scaled back at the discretion of the Directors. The instructions and other terms set out in the Application Form form part of the terms of the Open Offer in relation to Qualifying non-CREST Shareholders.

4.1.2 Market claims

Applications for the Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying non-CREST Shareholder named in it or by a person entitled by virtue of a bona fide market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked "ex" the entitlement to the Open Offer by the London Stock Exchange, being 22 February 2019. Application Forms may be split up to 3.00 p.m. on 7 March 2019.

The Application Form is not a negotiable document and cannot be separately traded. A Qualifying non-CREST Shareholder who has sold or transferred all or part of his holding of Existing Ordinary Shares prior to 22 February 2019, being the date upon which the Existing Ordinary Shares were marked "ex" the entitlement to the Open Offer by the London Stock Exchange, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed from him by the transferee pursuant to the rules of the London Stock Exchange. Qualifying non-CREST Shareholders who have sold all of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 10 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Application Form should not, however, subject to certain exceptions, be forwarded to or transmitted in or into the United States, Australia, Canada, Japan or any other Restricted Jurisdiction. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 4.2 below.

4.1.3 *Application procedures*

If you are a Qualifying non-CREST Shareholder and wish to apply for all or some of your entitlement to Open Offer Shares under the Open Offer you should complete and sign the Application Form in accordance with the instructions on it and send it, together with the appropriate remittance, by post to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR or by hand (during normal business hours only) to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, so as to arrive no later than 11.00 a.m. on 11 March 2019. A reply-paid envelope is enclosed for use by Qualifying non-CREST Shareholders in connection with the Open Offer. Please note that the Receiving Agent cannot provide financial advice on the merits of the Open Offer or as to whether or not you should take up your entitlement to Open Offer Shares under the Open Offer.

If any Application Form is sent by first class post or using the reply-paid envelope within the United Kingdom, Qualifying non-CREST Shareholders are recommended to allow at least four Business Days for delivery. The Receiving Agent, on the Company's behalf but only with the agreement of Arden, may elect to accept Application Forms and remittances after 11.00 a.m. on 11 March 2019 in respect of those bearing a post mark of before that date and time. The Receiving Agent may also (on behalf of the Company but only with the agreement of Arden) elect to treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if it is not completed in accordance with the relevant instructions, or if it does not strictly comply with the terms and conditions of application. Applications will not be acknowledged.

The Receiving Agent, on behalf of the Company but only with the agreement of Arden, also reserves the right (but shall not be obliged) to accept applications in respect of which remittances are received prior to 11.00 a.m. on 11 March 2019 from an authorised person (as defined in the FSMA) specifying the number of Open Offer Shares applied for, and undertaking to lodge the relevant Application Form in due course but, in any event, within two Business Days.

4.1.4 *Payments*

All payments must be in pounds sterling and cheques or banker's drafts should be made payable to "Share Registrars Limited a/c re Receiving Agent Account" and crossed "A/C payee only". Cheques or banker's drafts must be drawn on an account at a branch of a bank or building society in the British Isles which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner. Eurocheques will not be accepted. Cheques should be drawn on the personal account to which you have sole or joint title to funds. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the bank or building society has confirmed the name of the account holder (which should match the name detailed on page 1 of the Application Form) and have added the branch stamp.

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be allowed on payments made before they are due and any interest earned on such payments will accrue for the benefit of the Company. It is a term of the Open Offer that cheques shall be honoured on first presentation, and the Company and/or the Receiving Agent (on the Company's behalf) may elect in their absolute discretion to treat as invalid acceptances in respect of which cheques are not so honoured. Application monies will be paid into a separate bank account pending the Open Offer becoming unconditional. In the event that it does not become unconditional by 8.00 a.m. on 13 March 2019 or such later time and date as the Company and Arden shall agree (being no later than 8.00 a.m. on 27 March 2019), the Open Offer will lapse and application monies will be returned by post to applicants, at the applicants' risk and without interest,

to the address set out on the Application Form, as soon as practicable. The interest earned on monies held in the separate bank account will be retained for the benefit of the Company.

4.1.5 *Effect of application*

All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk. By completing and delivering an Application Form, you (as the applicant(s)):

- i. agree that all applications, and contracts resulting therefrom, under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- ii. confirm that in making the application you are not relying on any information or representation other than that contained in this document, and you accordingly agree that no person responsible solely or jointly for this document or any part of it shall have any liability for any such information or representation not so contained; and
- iii. represent and warrant that if you have received some or all of your Open Offer Entitlements from a person other than the Company, you are entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a bona fide market claim.

If you do not wish to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, you should take no action and not complete or return the Application Form.

If you are in doubt whether or not you should apply for any of the Open Offer Shares under the Open Offer, you should consult your independent financial adviser immediately. All enquiries in relation to completion of the Application Form by Qualifying non-CREST Shareholders under the Open Offer should be addressed to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, telephone 01252 821390 or, if telephoning from outside the UK, on +44 1252 821390 between 9.00 a.m. and 5.30 p.m. Calls to the Share Registrars' number are charged at the standard geographic rate and will vary by provider. Calls to the Share Registrars' number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Share Registrars cannot provide advice on the merits of the proposals nor given any financial, legal or tax advice.

4.2 ***If you have Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer***

4.2.1 *General*

Subject as provided in paragraph 6 of this Part III in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive credits to his stock account in CREST of his Open Offer Entitlements equal to the number of Open Offer Shares for which he is entitled to apply under the Open Offer. Entitlements to Open Offer Shares will be rounded down to the nearest whole number and any fractional entitlements will therefore also be rounded down. Qualifying CREST Shareholders may also apply for Open Offer Shares in excess of their Open Offer Entitlement under the Excess Application Facility.

The CREST stock account to be credited will be the account under the participant ID and member account ID which holds the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlement have been allocated.

If for any reason the Open Offer Entitlements cannot be enabled for settlement in CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 3.00 p.m. on 25 February 2019 or such later time as the Company (with Arden's consent) may decide, an Application Form will be sent out to each Qualifying CREST Shareholder

in substitution for the Open Offer Entitlements credited (or due to be credited) to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive an Application Form.

CREST members who wish to apply for some or all of their entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact Share Registrars on 01252 821390 (if calling from within the UK) or +44 1252 821390 (if calling from outside the UK). Lines will be open Monday to Friday 9.00 a.m. to 5.30 p.m. excluding bank and public holidays. Calls may be recorded and monitored randomly for security and training purposes. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for Open Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

4.2.2 *Market claims*

Each of the Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim transaction.

Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) will thereafter be transferred accordingly. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess CREST Open Offer Entitlement security.

4.2.3 *USE instructions*

CREST members who wish to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an Unmatched Stock Event (“**USE**”) instruction to Euroclear which, on its settlement, will have the following effect:

- i. the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and
- ii. the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above.

4.2.4 *Content of USE instructions in respect of the Basic Entitlement*

The USE instruction must be properly authenticated in accordance with Euroclear’s specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- i. the number of Open Offer Shares for which application is being made (and hence the number of the Basic Entitlement(s) being delivered to the Receiving Agent);
- ii. the ISIN of the Basic Entitlement. This is GB00BHZPYC86;
- iii. the participant ID of the accepting CREST member;
- iv. the member account ID of the accepting CREST member from which the Basic Entitlements are to be debited;
- v. the participant ID of the Receiving Agent. This is 7RA36;

- vi. the member account ID of the Receiving Agent. This is RECEIVE;
- vii. the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- viii. the intended settlement date. This must be on or before 11.00 a.m. on 11 March 2019; and
- ix. the corporate action number for the Open Offer. This will be available on viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 11 March 2019.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the contact name and telephone number (in the free format shared note field); and a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 11 March 2019 in order to be valid is 11.00 a.m. on that day.

4.2.5 *Content of USE instruction in respect of Excess Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- i. the number of Excess Entitlements for which application is being made;
- ii. the ISIN of the Excess Entitlements. This is GB00BHZPYD93;
- iii. the CREST participant ID of the accepting CREST member;
- iv. the CREST member account ID of the accepting CREST member from which the Excess Entitlements are to be debited;
- v. the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 7RA36;
- vi. the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is RECEIVE;
- vii. the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Excess Entitlements referred to in (i) above;
- viii. the intended settlement date. This must be on or before 11.00 a.m. on 11 March 2019; and
- ix. the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 11 March 2019.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the contact name and telephone number (in the free format shared note field); and a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 11 March 2019 in order to be valid is 11.00 a.m. on that day.

4.2.6 *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying non-CREST Shareholder's entitlement under the Open Offer as set out in an Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a bona fide market claim), provided that such Qualifying non-CREST Shareholder is also a CREST member. Similarly, Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing so to deposit the entitlement set out in such form is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 11 March 2019.

In particular, having regard to normal processing times in CREST and, on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with the CCSS, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements in CREST, is 3.00 p.m. on 7 March 2019, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements from CREST is 4.30 p.m. on 5 March 2019, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements prior to 11.00 a.m. on 11 March 2019.

4.2.7 *Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 11 March 2019 will constitute a valid application under the Open Offer.

4.2.8 *CREST procedures and timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 11 March 2019. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

4.2.9 *Incorrect or incomplete applications*

If a USE instruction includes a CREST payment for an incorrect sum, the Company through the Receiving Agent reserves the right:

- i. to reject the application in full and refund the payment to the CREST member in question;
- ii. in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to

be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question;

- iii. in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction(s) refunding any unutilised sum to the CREST member in question.

4.2.10 *Effect of a valid application*

A CREST member who makes or is treated as making a valid application in accordance with the above procedures will thereby:

- i. pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, satisfy the obligation of the CREST member to pay to the Company the amount payable on application);
- ii. request that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the Articles of Association of the Company;
- iii. agree that all applications and contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- iv. represent and warrant that he or she is not and nor is he or she applying as nominee or agent for a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (Depository Receipts) or Section 96 (Clearance Services) of the Finance Act 1986;
- v. confirm that in making such application he or she is not relying on any information in relation to the Company other than that contained in this document and agrees that no person responsible solely or jointly for this document or any part of it or involved in the preparation thereof shall have any liability for any such other information and further agree that having had the opportunity to read this document, he will be deemed to have had notice of all the information concerning the Company contained therein; and
- vi. represent and warrant that he or she is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he has received such Open Offer Entitlements by virtue of a bona fide market claim.

4.2.11 *The Company's discretion as to rejection and validity of applications*

The Company and Arden may in their discretion:

- i. treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part III;
- ii. accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- iii. treat a properly authenticated dematerialised instruction (in this sub-paragraph the "first instruction") as not constituting a valid application if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent have received actual notice from Euroclear of any of the matters specified in regulation 35(5)(a) of the CREST Regulations in relation to the first instruction.

These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and

- iv. accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

4.2.12 *Lapse of the Open Offer*

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 13 March 2019 or such later time and date as Arden and the Company may agree, being not later than 8.00 a.m. on 27 March 2019, the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies, if any, will be retained for the benefit of the Company.

5. **Money Laundering Regulations**

5.1 **Holders of Application Forms**

It is a term of the Open Offer that, to ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment (which requirements are referred to below as the “verification of identity requirements”). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent, and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent’s stamp should be inserted on the Application Form.

The person lodging the Application Form with payment, and in accordance with the other terms as described above (the “**acceptor**”), including any person who appears to the Receiving Agent to be acting on behalf of some other person, accepts the Open Offer in respect of such number of the Open Offer Shares as referred to in the Application Form (for the purposes of this paragraph 5.1 (the “**relevant shares**”)) shall thereby be deemed to agree to provide the Receiving Agent and/or the Company with such information and other evidence as they or either of them may require to satisfy the verification of identity requirements.

If the Receiving Agent determines that the verification of identity requirements apply to any applicant or application, and the verification of identity requirements have not been satisfied (which the Receiving Agent shall in its absolute discretion determine), the Company may, in its absolute discretion, and without prejudice to any other rights of the Company, treat the application as invalid or may confirm the allotment of the relevant shares to the applicant but (notwithstanding any other term of the Open Offer) the relevant shares will not be issued to the applicant unless and until the verification of identity requirements have been satisfied in respect of that application (which the Receiving Agent shall in its absolute discretion determine).

If the application is treated as invalid and the verification of identity requirements are not satisfied within such period, being not less than seven days after a request for evidence of identity is despatched to the applicant, the Company will be entitled to make arrangements (in its absolute discretion as to manner, timing and terms) to sell the relevant shares (and for that purpose the Company will be expressly authorised to act as agent of the applicant). Any proceeds of sale (net of expenses) of the relevant shares which shall be issued to and registered in the name of the purchasers or an amount equivalent to the original payment, whichever is the lower, will be held by the Company on trust for the applicant, subject to the requirements of the Money Laundering

Regulations being satisfied. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied. Neither the Company nor the Receiving Agent will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of any such discretion or as a result of any sale of relevant shares. Submission of an Application Form with the appropriate remittance will constitute a warranty from the applicant that the Money Laundering Regulations will not be breached by application of such remittance. If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in your application being treated as invalid or in delays in the despatch of share certificates or in crediting CREST stock accounts.

The verification of identity requirements will not usually apply:

- i. if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on the prevention of the use of the financial system for the purpose of money laundering (no. 91/308/EEC));
- ii. if the applicant is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- iii. if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the name of such applicant.

Third party cheques will not be accepted with the exception of banker's drafts or building society cheques where the bank or building society has confirmed the name of the account holder (which must be the same name as appears on page 1 of the Application Form) on the back of the draft or cheque and have added their branch stamp.

In other cases the verification of identity requirements may apply. The following guidance is provided in order to assist in satisfying the verification of identity requirements and to reduce the likelihood of difficulties or delays and potential rejection of an application (but does not limit the right of the Receiving Agent to require verification of identity as stated above). Satisfaction of the verification of identity requirements may be facilitated in the following ways:

- A. if payment is made by building society cheque (not being a cheque drawn on an account of the applicant) or banker's draft, by the building society or bank endorsing on the cheque or draft the applicant's name and the number of an account held in the applicant's name at such building society or bank, such endorsement being validated by a stamp and an authorised signature; or
- B. if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in A above or which is subject to anti-money laundering regulation in a country which is a member of the financial action task force (the non- European Union members of which are Argentina, Australia, Brazil, Canada, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, the Russian Federation, Singapore, South Africa, Switzerland, Turkey, the United States of America and, by virtue of their membership of the gulf co-operation council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide written confirmation that it has that status with the Application Form and written assurance that it has obtained and recorded evidence of the identity of the persons for whom it acts and that it will on demand make such evidence available to the receiving agent or the relevant authority. In order to confirm the acceptability of any written assurance referred to above or any other case, the applicant should contact the Receiving Agent;
- C. if (an) Application Form(s) is/are in respect of relevant shares is/are lodged by hand by the applicant in person, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and evidence of his address; and
- D. third party payment will not be accepted.

5.2 ***Open Offer Entitlements in CREST***

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

6. **Overseas Shareholders**

6.1 ***General***

The making of the Open Offer to Overseas Shareholders may be affected by the laws or regulatory requirements of the relevant jurisdiction. Overseas Shareholders who are in any doubt in this respect should consult their professional advisers. No person receiving a copy of this document and/or an Application Form and/or receiving a credit of Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form or credit of Open Offer Entitlements to a stock account in CREST, unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form or credit of Open Offer Entitlements to a stock account in CREST could lawfully be used without contravention of any legislation or other local regulatory requirements. Receipt of this document and/or an Application Form or the crediting of Open Offer Entitlements to a stock account in CREST does not constitute an invitation or offer to Overseas Shareholders in the territories in which it would be unlawful to make an invitation or offer and in such circumstances this document and/or any Application Forms are sent for information only.

It is the responsibility of any person receiving a copy of this document and/or an Application Form and/or receiving a credit of Open Offer Entitlements to a stock account in CREST outside the United Kingdom and wishing to make an application for any Open Offer Shares to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such other territory. Persons (including, without limitation, nominees and trustees) receiving an Application Form and/or receiving credits of Open Offer Entitlements to a stock account in CREST should not, in connection with the Open Offer, distribute or send the Application Form or transfer the Open Offer Entitlements into any jurisdiction when to do so would or might contravene local securities laws or regulations, including the United States and the Restricted Jurisdictions.

If an Application Form or a credit of Open Offer Entitlements to a stock account in CREST is received by any person in any such jurisdiction or by the agent or nominee of such person, he or she must not seek to take up the Open Offer Shares except pursuant to an express agreement with the Company. Any person who does forward an Application Form or transfer the Open Offer Entitlements into any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this paragraph 6. The Company, Arden and the Receiving Agent reserve the right to reject an Application Form or transfer of Open Offer Entitlements from or in favour of Shareholders in any such jurisdiction or persons who are acquiring Open Offer Shares for resale in any such jurisdiction.

The Company, Arden and the Receiving Agent reserve the right in their absolute discretion to treat as invalid any application for Open Offer Shares under the Open Offer if it appears to the Company, Arden and the Receiving Agent and their agents that such application or acceptance thereof may involve a breach of the laws or regulations of any jurisdiction or if in respect of such application the Company, Arden and the Receiving Agent have not been given the relevant warranty concerning overseas jurisdictions set out in the Application Form or in this document, as appropriate. All payments under the Open Offer must be made in pounds sterling.

6.2 **United States**

The Open Offer Shares and the Open Offer Entitlements have not been and will not be registered under the Securities Act or under any relevant securities laws of any state or other jurisdiction of the United States and, accordingly, may not, be offered, sold, taken up, delivered or transferred in or into the United States. Subject to certain exceptions, Qualifying Shareholders with registered addresses in, or who are located in, the United States, may not participate in the Open Offer. Neither this document nor the Application Form constitutes or will constitute or form any part of an offer or an invitation to apply for or an offer or an invitation to acquire any Open Offer Entitlements or Open Offer Shares in the United States. An Application Form will not be sent to any Shareholder located in or having a registered address in the United States. Unless otherwise agreed by the Company in its sole discretion, Application Forms sent from or post-marked in the United States will be deemed to be invalid and all persons acquiring Open Offer Shares and wishing to hold such Open Offer Shares in registered form must provide an address for registration outside the United States. No Open Offer Entitlements will be credited to a stock account in CREST of any Qualifying Shareholder with a registered address in the United States. Unless otherwise agreed by the Company and Arden at their discretion, any person completing an Application Form or applying for Open Offer Shares will be required to represent that such person (i) is not located in the United States or any other Restricted Jurisdiction; (ii) is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the Open Offer Shares; (iii) is not exercising for the account of any person who is located in the United States, unless (a) the instruction to exercise was received from a person outside the United States and (b) the person giving such instruction has confirmed that (x) it has the authority to give such instruction, and (y) either (A) it has investment discretion over such account or (B) it is an investment manager or investment company that it is acquiring the Open Offer Shares in an “off shore transaction” within the meaning of Regulation S (as promulgated under the Securities Act); and (iv) is not acquiring the Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into the United States, any of the Restricted Jurisdictions or any other jurisdiction referred to in (ii) above.

6.3 **Restricted Jurisdictions**

Due to restrictions under the securities laws of the Restricted Jurisdictions, and subject to certain exceptions, persons who have registered addresses in, or who are located, resident or ordinarily resident in, or citizens of, any Restricted Jurisdictions will not qualify to participate in the Open Offer and will not be sent an Application Form, nor will their stock accounts in CREST be credited with Open Offer Entitlements. The Open Offer Shares have not been, and will not be, registered under the relevant laws of any Restricted Jurisdictions or any state, province or territory of them and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdictions or to, or for the account or benefit of, any person with a registered address in, or who is located, resident or ordinarily resident in, or a citizen of, any Restricted Jurisdictions except pursuant to an applicable exemption. Subject to certain exceptions, no offer of Open Offer Shares is being made by virtue of this document and/or the Application Form into any Restricted Jurisdictions.

6.4 **Jurisdictions other than the Restricted Jurisdictions**

Application Forms will be sent to Qualifying non-CREST Shareholders and an Open Offer Entitlement will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than the United States or any other Restricted Jurisdiction may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and, if relevant, the Application Form.

Qualifying Shareholders who have registered addresses in or who are located or resident in, or who are citizens of, countries other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to apply for Open Offer Shares in respect of the Open Offer.

7. **Taxation**

If you are in any doubt about your tax position or are subject to a tax in a jurisdiction other than the United Kingdom, you should consult your professional adviser without delay.

8. Admission, settlement, dealings and publication

Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to AIM, subject to the fulfilment of the conditions of the Open Offer. It is expected that admission of the Open Offer Shares to trading on AIM will become effective and that dealings therein for normal settlement will commence at 8.00 a.m. on 13 March 2019. In the case of Qualifying Shareholders wishing to hold Open Offer Shares in certificated form, definitive certificates in respect of the Open Offer Shares will be issued free of stamp duty and are expected to be despatched by post by 27 March 2019. No temporary documents of title will be issued and, pending such despatch, transfers will be certified against the share register. Open Offer Entitlements held in CREST are expected to be disabled in all respects after close of business on 11 March 2019 (the latest time and date for applications under the Open Offer). If the conditions to the Open Offer described in this document are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied. On this day, the Receiving Agent will credit the appropriate stock accounts of such persons with such persons' entitlement to Open Offer Shares with effect from Admission (expected to be 13 March 2019). The stock accounts to be credited will be accounts under the same participant IDs and member account IDs in respect of which the USE instruction was given. Notwithstanding any other provision of this document, the Company (with the consent of Arden) reserves the right to send you an Application Form instead of crediting the relevant stock account with Open Offer Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying non-CREST Shareholders are referred to the Application Form. The completion and results of the Open Offer will be announced and made public through an announcement on a Regulatory Information Service as soon as possible after the results are known, expected to be on or about 12 March 2019.

9. Governing law

The terms and conditions of the Open Offer as set out in this Part III and each Application Form shall be governed by, and construed in accordance with, English law. The Courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document and an Application Form. By taking up their entitlements under the Open Offer in accordance with the instructions set out in this document and (where applicable) an Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the Courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

10. Other information

Your attention is drawn to the letter from your Chairman which is set out in Part I of this document which contains, amongst other things, information on the reasons for the Placing and the Open Offer, and to the Risk Factors in Part II of this document.

11. Dilution

The share capital of the Company in issue at the date of this document will be increased by approximately 1,500 per cent. as a result of the Fundraising. Assuming all the New Ordinary Shares are issued then Qualifying Shareholders who do not participate in the Placing or the Subscription and who do not take up any of their Basic Entitlement will suffer a reduction of approximately 93 per cent. in their proportionate ownership and voting interest in the ordinary share capital of the Company as represented by their holding of Ordinary Shares immediately following Admission. Assuming all the New Ordinary Shares are issued then Qualifying Shareholders who take up all or part of their Open Offer Entitlement will still suffer dilution upon Admission due to completion of the Placing and Subscription.

NOTICE OF GENERAL MEETING

HAYDALE GRAPHENE INDUSTRIES PLC

(Incorporated and registered in England and Wales with registered number 07228939)

NOTICE IS HEREBY GIVEN that a General Meeting of Haydale Graphene Industries plc (the “**Company**”) will be held at the offices of Fieldfisher LLP, 9th Floor, Riverbank House, 2 Swan Lane, London, EC4R 3TT at 10.00 a.m. on 12 March 2019 for the purpose of considering and, if thought fit, passing the following resolutions, of which resolution 1 will be proposed as an ordinary resolution and resolution 2 will be proposed as a special resolution:

ORDINARY RESOLUTION

1. THAT in substitution for all existing authorities for the allotment of shares by the Directors, which are hereby revoked but without prejudice to any allotment, offer or agreement already made pursuant thereto, the Directors of the Company be and they are hereby authorised, pursuant to section 551 of the Companies Act 2006 (the “**2006 Act**”) to exercise all the powers of the Company to:
 - (a) allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares (all of which transactions are hereafter referred to as an allotment of “**Relevant Securities**”) up to an aggregate nominal amount of £3,762,500 pursuant to the placing of the Company’s ordinary shares of two pence each (“**Ordinary Shares**”), to certain institutional and other investors at a price of 2 pence per share (the “**Placing**”);
 - (b) allot Relevant Securities up to an aggregate amount of £237,500 pursuant to the subscription for shares by certain persons including certain directors of the Company at a price of 2 pence per share (the “**Subscription**”);
 - (c) allot Relevant Securities up to an aggregate amount of £4,000,000 pursuant to an open offer to all existing shareholders of the Company as at 20 February 2019 (the “**Open Offer**”) on the terms and conditions set out in the circular of the Company dated 22 February 2019 (the “**Circular**”);
 - (d) allot Relevant Securities otherwise than pursuant to sub-paragraphs 1(a), 1(b) and 1(c) above, up to an aggregate nominal amount of £1,523,858,

in each case for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at midnight on the date falling 15 months after the date of the passing of this resolution or at the conclusion of the 2019 annual general meeting (the “**2019 AGM**”) of the Company following the passing of this resolution, whichever occurs sooner, provided that the Company may before such expiry, variation or revocation make an offer or agreement which would or might require such Relevant Securities to be allotted after such expiry, variation or revocation and the Directors may allot Relevant Securities pursuant to such an offer or agreement as if the authority conferred hereby had not expired or been varied or revoked.

SPECIAL RESOLUTION

2. THAT, subject to and conditional upon the passing of resolution 1, the Directors be and they are hereby empowered pursuant to section 570 of the 2006 Act to allot equity securities (within the meaning of section 560 of the 2006 Act) for cash pursuant to the authority conferred by resolution 1 as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that such power:
 - (a) shall, subject to the continuance of the authority conferred by resolution 1 above, expire at midnight on the date falling 15 months after the date of the passing of this resolution or at the conclusion of the 2019 AGM of the Company following the passing of this resolution, whichever occurs sooner, but may be previously revoked or varied from time to time by special resolution but so that the Company may before such expiry, revocation or variation make an offer or agreement which would or might require equity securities to be allotted after such expiry, revocation or variation and the Directors may allot equity securities in

pursuance of such offer or agreement as if such power had not expired or been revoked or varied; and

(b) shall be limited to:

- (i) the allotment of equity securities up to an aggregate nominal amount of £3,762,500 pursuant to the Placing;
- (ii) the allotment of equity securities up to an aggregate nominal amount of £237,500 pursuant to the Subscription;
- (iii) the allotment of equity securities up to an aggregate nominal amount of £4,000,000 pursuant to the Open Offer;
- (iv) the allotment of equity securities pursuant to a rights issue, open offer, scrip dividend scheme or other pre-emptive offer or scheme which is in each case in favour of holders of ordinary shares and any other persons who are entitled to participate in such issue, offer or scheme where the equity securities offered to each such holder and other person are proportionate (as nearly as may be) to the respective numbers of ordinary shares held or deemed to be held by them for the purposes of their inclusion in such issue, offer or scheme on the record date applicable thereto, but subject to such exclusions or other arrangements as the Directors may deem fit or expedient to deal with fractional entitlements, legal or practical problems under the laws of any overseas territory, the requirements of any regulatory body or stock exchange in any territory, shares being represented by depositary receipts, directions from any holders of shares or other persons to deal in some other manner with their respective entitlements or any other matter whatever which the Directors consider to require such exclusions or other arrangements with the ability for the Directors to allot equity securities not taken up to any person as they may think fit; and
- (v) the allotment of equity securities for cash otherwise than pursuant to sub-paragraphs 2(b)(i), 2(b)(ii), 2(b)(iii) and 2(b)(iv) above up to an aggregate maximum nominal amount of £457,158.

By order of the Board

Matt Wood

Company Secretary

Dated: 22 February 2019

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company. If a member appoints more than one proxy in relation to the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by that member.
2. To appoint as a proxy a person other than the chairman of the meeting, a member must insert the proxy's full name in the box on the proxy form. If a member signs and returns a proxy form with no name inserted in the box, the chairman of the meeting will be deemed to be the member's proxy. Where a member appoints as a proxy someone other than the chairman, the member is responsible for ensuring that the proxy attends the meeting and is aware of the member's voting intentions. If a member wishes a proxy to make any comments on the member's behalf, the member will need to appoint someone other than the chairman and give them the relevant instructions directly.
3. A member which is a corporation is entitled to appoint one or more corporate representatives to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual member. If a member which is a corporation appoints more than one corporate representative in relation to the meeting, each representative must exercise the rights attached to a different share or shares held by that member. In the case of a member which is a corporation, the proxy form must be executed under the corporation's common seal or signed on its behalf by a duly authorised officer of the corporation or an attorney for the corporation.
4. A Form of Proxy is enclosed. To be valid, the Form of Proxy (and any power of attorney or other authority (if any) under which it is signed) must be duly completed and signed and deposited at the office of the Company's registrars, Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR not less than 48 hours (excluding non-working days) before the time for holding the meeting (or any adjourned meeting). Completion of a Form of Proxy does not preclude a member from attending and voting in person at the meeting if (s)he so wishes.

5. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members entered in the Company's register of members at 10.00 a.m. on 8 March 2019 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at that time. Changes in the Company's register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting. If the meeting is adjourned, only those members entered in the Company's register of members 48 hours (excluding non-working days) before the time and date of the adjourned meeting shall be entitled to attend and vote at the adjourned meeting.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held on 12 March 2019 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.
7. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate 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 message must be transmitted so as to be received by the Company's Registrars, Share Registrars Limited (CREST Participant ID: 7RA36), no later than 48 hours (excluding non-working days) before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
8. CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) 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 sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. 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.
10. You may not use any electronic address (within the meaning of section 333(4) of the Companies Act 2006) provided in this notice or in any related documents to communicate with the Company for any purposes other than those expressly stated.
11. Your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your reference number (as attributed to you by the Company or its registrars). The Company determines the purposes for which, and the manner in which, your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's registrars) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.
12. As at 21 February 2019 (being the last practicable date prior to the publication of this notice), the Company's issued share capital consisted of 28,578,773 ordinary shares of 2 pence each, carrying one vote per share. Therefore, the total voting rights in the Company as at 21 February 2019 (being the latest practicable date prior to the posting of this document) were 28,578,773.

