
KRYSO RESOURCES Plc

Company Registration Number 05190505

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2008**

KRYSO RESOURCES PLC

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KRYSO RESOURCES PLC

Company Information

Directors	Dr Trevor George Davenport Andrew Frederic Malim Ferdinand Dippenaar Gennady Tolmachev Craig William Brown Abuali Ismatov	<i>(Non-Executive Chairman and acting Managing Director)</i> <i>(Non-Executive Director)</i> <i>(Non-Executive Director)</i> <i>(Non-Executive Director)</i> <i>(Finance Director)</i> <i>(Executive Director)</i>
Company Secretary	Craig William Brown	
Business Address	Unit 3H, Cooper House 2 Michael Road London SW6 2AD	
Registered Office	Unit 3H, Cooper House 2 Michael Road London SW6 2AD	
Nominated Adviser	Ruegg & Co Limited 39 Cheval Place London SW7 1EW	
Bankers	National Westminster Bank Plc Knightsbridge Commercial Business Centre 180 Brompton Road London SW3 1HL	
Independent Auditors	Littlejohn LLP Chartered Accountants and Registered Auditors 1 Westferry Circus Canary Wharf London E14 4HD	
Solicitors	Speechly Bircham LLP 6 New Street Square London EC4A 3LX	

KRYSO RESOURCES PLC

Chairman's Statement

Since my half-yearly report to shareholders on 31 July 2008, the world has entered an almost unprecedented period of financial turmoil from which Kryso Resources Plc ('Kryso') has not been immune. Faced with a deteriorating financial climate, during the second half of 2008 Kryso was forced to scale back its activities while discussions took place with various potential sources of financing.

In February 2009, Kryso reached an agreement with Vertex Mining International (Cyprus) Limited ('Vertex'), an affiliate of private Russian mining company Vertex Mining CJSC, that Vertex would subscribe for £2.56m worth of new ordinary shares in Kryso. However, the subscription did not take place by the anticipated completion date of 15 May 2009 and on 28 May 2009 it was announced that the board of Kryso had decided to discontinue discussions with Vertex and that the subscription agreement with Vertex had lapsed. Initial financing of £500,000 was provided to Kryso by Vertex by means of a mandatorily convertible bond, which has now converted into a total of 9,090,909 ordinary shares.

Following the lapse of the Vertex subscription agreement, an Equity Placing Agreement ('EPA') to raise gross proceeds of up to £1.5 million with minimum gross proceeds of £500,000 was entered into between Kryso and its co-broker Orbis Equity Partners Limited ('Orbis'). Under the EPA, new ordinary shares subscribed for are priced at 5p per share, and warrants exercisable at 8p per share are granted to subscribers on the basis of one warrant for each new ordinary share subscribed for.

The EPA entailed the immediate issue of £250,000 worth of new ordinary shares in Kryso and the issue (subject to shareholder approval) of a further £250,000 worth of new ordinary shares in two subsequent tranches of £125,000 each, with the first tranche of £125,000 worth of new ordinary shares to be issued one month after the initial issue and the second tranche to be issued two months after the initial issue. Subject to agreement between Kryso and Orbis and to shareholder approval, up to an additional £1 million worth of new ordinary shares may be issued on the same terms.

It has also been agreed that the loan of £500,000 made to Kryso in April 2008 by Great Basin Gold Limited ('Great Basin'), plus interest due up to 31 May 2009 of £36,169.47, will convert into new ordinary shares in Kryso at 5p per share. Great Basin will be issued with warrants exercisable at 8p per share on the basis of one warrant for each new ordinary share issued pursuant to the loan conversion.

Thanks to the EPA with Orbis, Kryso has the necessary funding to continue with the bankable feasibility study for the Pakrut gold project, the completion of which is expected during 2009. Nevertheless, Kryso is taking steps to reduce its overheads in order that as much funding as possible is made available for the development of its assets in Tajikistan. Following the resignation of Vassilios Carellas from the position of Managing Director for personal reasons, I have assumed the role of acting Managing Director of Kryso until such time as a replacement for him is selected. The board has also appointed a new Non-Executive Director, Gennady Tolmachev. Gennady is a mining engineer with many years of experience in the development of significant gold deposits, and will be of great assistance to Kryso as it works to bring the Pakrut gold project into production.

On the operational side, I am very pleased to report that in August 2008, GeoLogix Mineral Resource Consultants (Pty) Ltd. ('GeoLogix') completed an updated JORC Code compliant resource estimate for the main deposit at Pakrut. The updated GeoLogix estimate, which incorporated new drilling data, represented approximately a 65% increase in ounces of gold on the estimate that was prepared by GeoLogix in November 2007.

Assuming a cut-off grade of 0.5 g/t, total JORC Code-compliant resources within the main Pakrut deposit now stand at 1,739,029 oz Au at an average grade of 2.53g/t. Of this resource, 67% is in the Measured and Indicated categories.

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Chairman's Statement (continued)

In December 2008, the State Committee for Reserves (GKZ) of the Republic of Tajikistan approved the reserves and resources of the Pakrut gold deposit. Using a 0.5g/t cut-off grade, the approved C1+C2+P1 gold resource is 2,055,047oz at an average grade of 2.44g/t, which includes an approved C1+C2 reserve of 1,257,454oz at an average grade of 2.62g/t. Tajikistan uses the Russian classification system for reserves and resources, which differs from the JORC Code. The Russian C1, C2 and P1 categories can respectively be considered to be broadly similar to the JORC measured, indicated and inferred resource categories.

In April 2008 the Tajik State Committee for Geology accepted the resources of the Pakrut gold deposit. Kryso then completed a local feasibility study for Pakrut, which was required for the approval of the C1 and C2 reserves by the State Committee for Reserves. The local feasibility study included a mining plan, proposed mining method, plant design and both capital and operating costs for the project, and was prepared by independent consultants in conjunction with Kryso's own personnel.

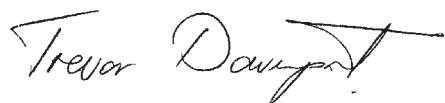
Kryso has commenced its 2009 drilling programme at Pakrut using two diamond drill rigs. A further diamond rig and an RC (reverse circulation) rig will shortly become operational. Drilling at Pakrut is presently focused on the definition of further resources at depth within Ore Zone 1. Drilling will also target areas to the east and north of the Pakrut deposit, as well as an identified but essentially unexplored ore zone known as Ore Zone 6. Mineralization from Ore Zone 6 was intersected over approximately 30m by the first two holes drilled at Pakrut during 2009. No drilling has previously been carried out on Ore Zone 6, nor has it been incorporated into either the JORC or Russian resource estimates for the Pakrut deposit.

The incorporation into the Pakrut resource model of the results of the current programme of drilling is likely to enable an increased JORC Code-compliant resource to be estimated later in the year. Assays of samples from ongoing drilling at Pakrut and also from drilling carried out at the project during the second half of 2008 will be reported as they become available from the SGS Lakefield assay laboratory in South Africa.

A bankable feasibility study for the Pakrut project based on a mining operation producing more than 100,000oz Au per annum is targeted for completion during 2009. An internal pre-feasibility study was completed in early 2008, with highly positive results. Estimated cash costs of production under the pre-feasibility study were US\$291/oz Au.

At Kryso's Hukas nickel-copper project, a 1,500m exploration drilling programme has commenced, based on the results of the geophysical survey that was carried out in 2007.

In comparison with the year to 31 December 2007, during the year to 31 December 2008 the amount spent by Kryso on development work and capitalised increased by US\$1,166,000 to US\$3,771,000; administration expenditure decreased by US\$13,000 to US\$980,000; and Kryso's overall loss increased from US\$870,000 to US\$1,043,000, owing to a foreign exchange loss of US\$105,000 being incurred as opposed to a gain of US\$52,000 being made during the year to 31 December 2007.



Trevor Davenport
Non-Executive Chairman

9 June 2009

KRYSO RESOURCES PLC

Report of the Directors

The Directors present their report and the audited Financial Statements of the Group for the year ended 31 December 2008.

Principal Activity

The principal activity of the Company during the year was that of a holding company. The principal activity of the Group is that of mineral exploration.

Business Review

Introduction

Kryso Resources is a mineral exploration Company that is principally focused on evaluating gold and other precious and base metal deposits discovered in Central Asia during the Soviet era and then, where appropriate, bringing them into production.

Kryso Resources, which has its head office in London, is a public company that was admitted to AIM in December 2004 in order to continue funding the development of the Pakrut Gold Deposit and the exploration of the Pakrut Licence Area, and better position the Group to obtain and acquire other gold and base metal deposits in Tajikistan and elsewhere in Central Asia. The Group's Executive Directors and senior management are normally based in Dushanbe, the capital city of Tajikistan.

The Company's Executive Directors have a proven track record of operating in Tajikistan and they believe Kryso Resources to be the first foreign company to obtain a 100% interest in a mining and exploration project in the country.

Strategy

Kryso's strategy is to maximise shareholder value through the development of the Group's exploration properties, by proving up additional resources, completing feasibility studies on the properties and, where and when appropriate, putting the projects into production.

The Group's long-term objective is to grow the value of its assets through exploration and to acquire advanced stage projects within the Commonwealth of Independent States (CIS), part of the Former Soviet Union.

Kryso believes it has high quality management with the right technical skills and in-country experience to develop current and future projects into profitable mining assets.

Operating Review

Over the past year the Company has:

- Expanded the JORC resource at the Pakrut gold project to over 1,739,000 ounces, of which over 1,150,000 ounces are in the measured and indicated categories.
- Had the reserves and resources of the Pakrut gold deposit approved by the Tajik State Committee for Reserves.
- Recorded the most significant drilling intercept on the Pakrut project to date (123.7m @ 6.14 g/t Au).
- Started drilling from surface to target the lower levels of the Pakrut deposit.
- Drilled a combined total of over 4,000m on the Company's two projects, the majority being at Pakrut.

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Report of the Directors (continued)

- Completed a highly positive for the Pakrut gold project internal pre-feasibility study (using the November 2007 resource statement of just over 1,000,000 ounces).
- Commenced a bankable feasibility study on an open pit and underground mining operation at Pakrut.
- Commenced a diamond drill programme on the Hukas nickel-copper project. Disseminated sulphide mineralization has been intersected.
- Analysed over 6,700 samples at the Group's laboratory in Tajikistan.

Pakrut Gold Deposit and Licence Area

In April 2004, LLC Pakrut, a wholly owned subsidiary of the Company, was granted a licence and geological lease to explore and exploit the Pakrut Licence Area which comprises the Pakrut gold deposit and the surrounding 6,300 hectare exploration area located in the metalliferous southern Tien-Shan Fold Belt. The Tien-Shan Fold Belt is reputed to have the second largest known gold resource after the Witwatersrand in South Africa.

The Company is currently continuing its exploration programme at Pakrut in order to add further ounces to the current estimated resource, while at the same time conducting a bankable feasibility study on the deposit in order to put it into production. The Group also intends to explore identified mineralization in the Pakrut Licence Area.

The Hukas Ni-Cu-Co-PGM Project

In June 2006 the Company was awarded an exploration licence for the Hukas nickel-copper deposit. During 2007 the Company carried out a TEM geophysical survey that identified a shallow conductor, 900m in length, still open to the north and commencing 400m to the north of the lens of mineralization that outcrops on the property. In addition, two conductors were identified in an area called Manadara. Drilling in 2008 intersected disseminated sulphide mineralization next to the first anomaly drilled and future drilling is expected to provide further encouraging results.

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Report of the Directors (continued)

Financial Review

The results for the year ended 31 December 2008 and the year ended 31 December 2007 were as follows:

	<i>2008</i>	<i>2007</i>
	<i>US\$000</i>	<i>US\$000</i>
	<hr/>	<hr/>
Turnover	–	–
Exploration costs capitalised as intangible assets	3,771	2,605
Administrative expenses	980	993
Total costs	4,751	3,598
% Administrative expenses	20.6%	27.6%
Operating loss	1,085	941
Less: interest received	42	71
Loss on ordinary activities before taxation	1,043	870
Loss per share (cents)	1.25	1.25

The main financial Key Performance Indicator ('KPI') for the Company is administration costs as a percentage of total costs. The KPI decreased in 2008 versus 2007 due to increased exploration expenditure during the period.

Corporate Responsibility

The Company will endeavour to build a sustainable and profitable business so as to maximise the return to its shareholders and in doing so the Directors will not knowingly allow the Company to overlook its Corporate Responsibilities.

Certain of the Directors also serve as directors of other companies involved in natural resource exploration and development and consequently there exists the possibility for such Directors to be in a position of conflict. Any decision made by such Directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such Directors will declare, and refrain from voting on, any matter in which such Directors may have a conflict of interest.

People

The Company recognises that the success of its ventures is based on the well-being and health of its employees. All employees have to pass through an induction process during which they are briefed on the Company's health and safety policies. The safety of the Company's employees is of the utmost importance and is therefore taken seriously in all areas in which the Company's employees are active.

The Company is also committed to the development of its employees and encourages them to attend courses and programmes to improve their skills. The Company also aims to provide a favourable working environment that will continue to draw, retain and motivate employees so that they can reach their true potential and share in the Company's success.

Social

The Company continues to enjoy a strong relationship with the local communities in the areas in which it operates, respecting their laws and customs. The Company employs local people at all levels within the organisation; this ensures a transparent and fair transfer of benefits and support to their communities where appropriate. The Company engages local communities in all aspects of the projects it is involved in from exploration through to feasibility and production, ensuring that concerns are addressed and that the support of the community is maintained throughout the entire process.

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Report of the Directors (continued)

Environment

The Company has a strict environmental code with which all its employees are well-versed. The Company has contracted the services of a local environmental consultant who monitors its operations to ensure that any lapses are immediately brought to the attention of the management.

Risk Factors

There are several principal risk factors outlined below that may affect the Company's businesses and which may not all be within the Company's control. Other factors not listed below may also adversely affect the Company, but the management may take action to mitigate some of these risks; these are identified where appropriate.

Exploration and Development Risk

The exploration for and the development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored ultimately develop into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programmes planned and being carried out by the Company will result in profitable commercial mining operations.

There is no certainty that the exploration expenditures made by the Company as described in this document will result in discoveries of commercial quantities of ore. There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other companies, many of which have greater financial resources, for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

The commercial viability of a deposit is dependent on a number of factors. These include deposit attributes such as size, grade and proximity to infrastructure; current and future prices which can be cyclical; government regulations including those relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The effect of these factors, either alone or in combination, cannot be entirely predicted, and their impact may result in the Company not receiving adequate return on invested capital.

The risks inherent in developing the Company's projects is mitigated to some extent by the fact that in accordance with the strategic alliance with Great Basin Gold, two technical personnel from Great Basin Gold are to advise the Company with respect to the development of its projects.

Economic Risk

The profitability of the Company's future operations may be significantly affected by changes in the market prices for the materials it may produce and is affected by numerous factors beyond the Company's control. The level of interest rates, the rate of inflation, world supply, and the stability of exchange rates can all cause fluctuations in the price. Such external factors are in turn influenced by changes in international investment patterns and monetary systems and also political developments. Metal prices have fluctuated in recent years, and future significant price declines could cause future commercial production to be uneconomic and have a material adverse effect on the Company's financial condition.

Certain Company payments, in order to earn or maintain property interests, are to be made in local currency in the jurisdiction where the applicable property is located. As a result, fluctuations in the

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Report of the Directors (continued)

British Pound against the Tajik Somoni could have a material adverse effect on the Company's financial results which are denominated and reported in US dollars.

The Company currently does not carry insurance to protect against certain risks. As a result, the Company may become subject to liability to include environmental pollution, political risk and other hazards against which the Company cannot insure or which it may elect not to insure. The payment of such liabilities may have a material adverse effect on the Company's financial condition.

Political Risk

The political situation in Tajikistan introduces a certain degree of risk with respect to the Company's activities. The Government of Tajikistan exercises control over such matters as exploration and mining licensing, permitting, exporting and taxation, which may adversely impact the Company's ability to carry out exploration, development and mining activities.

No assurance can be given that the Company will be able to maintain or obtain effective security or insurance for any of its assets or personnel at its operations in Tajikistan where civil war and guerrilla activities have disrupted exploration and mining activities in the past; this may affect the Company's operations or plans in the future. A moderate degree of security is also required to mitigate the risk of loss by theft, either by the Company's employees or by third parties.

No assurance can be given that such factors will not have a material adverse effect on the Company's ability to undertake exploration, development and mining activities in respect to present and future properties in Tajikistan.

Performance of Key Personnel and Employees

The Company is dependent on a relatively small number of employees, the loss of any of whom could have an adverse effect on the Group.

Additional Funding Requirements

The further development and exploration of the various properties in which the Company holds interests, is dependent upon the Company's ability to obtain financing through any or all of the joint venturing of projects, debt financing, equity financing or other means. There is no assurance that the Company will be successful in obtaining the required financing.

A review of the Group's activities and performance for the year ended 31 December 2008 and its prospects for 2009 is contained in the Chairman's Statement.

Results and Dividends

The results for the year and the Group's financial position at the end of the year are shown in the attached Financial Statements. The Directors do not recommend the payment of a dividend.

Future Developments

A review of the business and future prospects is set out in the Chairman's Statement on pages 3 and 4.

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Report of the Directors (continued)

Directors and their Interests

The Directors who served the Company during the year together with their beneficial interests in the shares of the Company were as follows:

	<i>At</i> <i>1 January</i> <i>2008</i>	<i>At</i> <i>31 December</i> <i>2008</i>
Trevor George Davenport	150,000	150,000
Vassilios Carellas*	7,100,000	7,100,000
Craig William Brown**	7,100,000	7,100,000
Abuali Ismatov	7,100,000	7,100,000
Andrew Frederic Malim	—	—
Ferdinand Dippenaar	—	—

*Vassilios Carellas resigned from the Board on 28 May 2009.

**7,000,000 of these shares are held by Westrock Resources Limited, a Bahamian company in which Craig Brown is interested.

On 24 November 2004, Trevor George Davenport, Vassilios Carellas, Craig William Brown and Abuali Ismatov were each granted 400,000 options under a share option scheme to vest as follows:

- (a) after 12 months, 100,000 exercisable at the Placing Price (10p) and 100,000 exercisable at the Placing Price plus 50 per cent (15p);
- (b) after 24 months, 50,000 exercisable at the Placing Price (10p) and 50,000 exercisable at the Placing Price plus 50 per cent (15p); and
- (c) after 36 months, 50,000 exercisable at the Placing Price (10p) and 50,000 exercisable at the Placing Price plus 50 per cent (15p).

On 15 November 2005 Andrew Frederic Malim was granted 400,000 options under a share option scheme to vest after 12 months exercisable at 13.5p.

On 3 October 2007 Ferdinand Dippenaar was granted 400,000 options under a share option scheme to vest after 12 months exercisable at 13p.

On 5 October 2007 Trevor George Davenport exercised 50,000 options at an exercise price of 10p per share.

On 10 September 2008, Vassilios Carellas, Craig William Brown and Abuali Ismatov were each granted 800,000 options to vest after 12 months exercisable at 10p. On the same date, Trevor George Davenport, Andrew Frederic Malim and Ferdinand Dippenaar were each granted 600,000 options to vest after 12 months exercisable at 10p.

On 16 September 2008, Ferdinand Dippenaar surrendered all his options to the Company.

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Report of the Directors (continued)

The Directors' holding of options at the year-end was as follows:

	<i>At</i> <i>31 December</i> <i>2008</i>	<i>At</i> <i>1 January</i> <i>2008</i>
Trevor George Davenport	850,000	250,000
Vassilios Carellas*	1,100,000	300,000
Craig William Brown	1,100,000	300,000
Abuali Ismatov	1,100,000	300,000
Andrew Frederic Malim	1,000,000	400,000
Ferdinand Dippenaar	–	400,000

*Vassilios Carellas resigned from the Board on 28 May 2009.

Substantial shareholdings

As at 3 June 2009, the Directors were aware of the following shareholdings in excess of 3% of the Company's issued share capital.

	<i>Number of</i> <i>ordinary</i> <i>shares</i>	<i>Percent</i> <i>of issued</i> <i>ordinary</i> <i>share capital</i>
Great Basin Gold Limited	13,401,335	13.63%
Vertex Mining International (Cyprus) Limited	9,090,909	9.24%
Worldwide Nominees Limited Des: ORBNO	7,984,904	8.12%
Vassilios Carellas	7,100,000	7.22%
Abuali Ismatov	7,100,000	7.22%
Westrock Resources Limited	7,100,000	7.12%
Lynchwood Nominees Limited Des: 2006420	4,437,469	4.51%
K B (C.I.) Nominees Limited	3,475,000	3.53%

Share Capital

During the year a total of 10,008,261 new ordinary shares of £0.01 each were issued, details of which are set out in note 20 to the Financial Statements.

Directors

The Board comprises:

Trevor Davenport, B.Sc, M.Sc., Ph.D., C. Eng. (aged 68), Non-Executive Director

Dr Davenport has worked in the mining industry for over 30 years where he has been involved in mineral exploration and mining geology in over 17 countries both for mining companies and in consultation work. From 1994 to 1997 he was Chief Geologist and Exploration Manager for Nelson Gold Limited (subsequently renamed Nelson Resources Limited) in Tajikistan. In 1996 he was made a Director of Zeravshan Gold Company. His experience varies from six years as Chief Exploration Geochemist for Bamangwato Concessions Ltd. in Botswana in the search for nickel/copper deposits, working as a senior exploration geologist with the United Nations Development Programme in Burma exploring the base metals, to numerous involvements with gold mining companies over the last 20 years.

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Report of the Directors (continued)

Craig Brown C.A. (aged 38), Finance Director

Craig Brown qualified as a Chartered Accountant in New Zealand in 1993. He has spent ten years working in the mining industry in Central Asia. Prior to working in Central Asia, Craig was a Chartered Accountant working in private practice in New Zealand. Craig worked for Nelson Resources Limited, from 1995 to 2001 in various positions ranging from Chief Accountant to Director of the Joint Venture Company that operated the Zeravshan gold mine. From 2001 to 2003 he was Chief Financial Officer for Gulf International Minerals Inc. and from 2003 to 2004 he worked part-time as a consultant to that company. He has been a Director of several mining joint ventures in Central Asia.

Abuali Ismatov, (aged 49), Executive Director

Abuali is a prominent businessman in the Republic of Tajikistan. Abuali graduated in 1981 from the Tajik Agricultural Institute with a diploma in Hydro Engineering and in 2001, completed his Masters in Finance and Economics from the Tajik State National University. Since 1992, Abuali has been a founder and shareholder of several multi-national companies established in Tajikistan with foreign investment.

Andrew Malim, (aged 65), Non-Executive Director

Andrew has over 30 years experience in mining exploration and finance, and brings great value to the Company given his experience as a board member to numerous public and private mining companies as well as his speaking engagements and articles on mining. He was a founding member of the award winning James Capel & Co. mining team in 1969, where he acted as a precious metals analyst and institutional salesman. In 1980, he founded the Lion Mining Group and over a 20 year period played an active role in mining fund management and the finance of numerous precious and base metal projects in North and South America, Asia and Africa.

Ferdinand Dippenaar (aged 47), Non-Executive Director

A resident of South Africa, Ferdinand Dippenaar has 25 years of mining industry experience, particularly in the gold sector, and has occupied a variety of senior roles. He is currently President, Chief Executive Officer (CEO) and Director of TSX-listed Great Basin Gold ('Great Basin'), Kryso's strategic partner and holder of approximately 14% of the Company. Ferdinand Dippenaar was appointed as Non Executive Director on 18 April 2007.

Gennady Tolmachev (aged 58), Non-Executive Director

Gennady is a mining engineer with 35 years of experience in the development of gold mining projects. He is currently Head Engineer of Vertex Mining CJSC and is Chairman of LLC Hoozhir Enterprise, a subsidiary of Vertex Mining CJSC that holds a gold exploration project in Eastern Siberia. He has previously been involved with highly successful companies including Peter Hambro Mining plc and Bema Gold Corporation. Gennady is a citizen of the Russian Federation.

Charitable and Political Donations

The Company made no charitable or political donations during the year.

Corporate Governance

The Company's shares are traded on the AIM market of the London Stock Exchange and the Company is not therefore required to report on compliance with the Combined Code appended to the listing rules of the Financial Services Authority. However, the Board of Directors supports the principles of good governance and the further guidance included in the Turnbull report. It is the Board's policy to comply as far as is reasonable for a business the size of Kryso Resources.

Internal Control

The Directors acknowledge their responsibilities as to the Group's system of internal control. The Board considers major business and financial risks. All strategic decisions are decided by the Board and the

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Report of the Directors (continued)

making of individual investment and loan decisions is designated to members of the Board. Accepting that no systems of control can provide absolute assurance against material misstatement or loss, the Directors believe that the established systems for internal control within the Group are appropriate to the business.

Audit Committee

The Audit Committee of the Company comprises the Non-Executive Directors of the Company and meets at least twice each year. The Audit Committee is responsible for ensuring that the Group's financial performance is properly monitored, controlled and reported. It also meets the auditors and reviews reports from the auditors relating to Financial Statements and internal control systems. The Audit Committee meets once a year with the auditors, without executive board members present.

Remuneration Committee

The Remuneration Committee comprises the Non-Executive Directors of the Company. It is responsible for reviewing the performance of the Executive Directors, setting their remuneration, considering the grant of the options under any share option scheme and in particular the price per share and the application of performance standards which may apply to any such grant.

Going Concern

After making enquiries, the Directors have formed a judgement at the time of approving the Financial Statements that there is a reasonable expectation that the Company and Group have adequate resources to continue its operations for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the Financial Statements.

Supplier Payment Policy

The Group seeks to maintain good relations with all of its trading partners. In particular, it is the Group's policy to abide by the terms of payment agreed with each of its suppliers. As at 31 December 2008 the number of creditor days in respect of trade creditors was 40 days (2007 – 35 days).

Relevant Audit Information

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are individually aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought reasonably have taken as a Director to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

Our independent auditors, Littlejohn, have transferred their business to Littlejohn LLP, a limited liability partnership. In accordance with section 26(5) of the Companies Act 1989, the Directors have consented to the extension of the audit appointment of Littlejohn to its successor firm, Littlejohn LLP.

Littlejohn LLP has signified its willingness to continue in office as auditors.

Signed by order of the Directors



Craig William Brown
Company Secretary

Approved by the Directors on 9 June 2009

KRYSO RESOURCES PLC

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Under that law the Directors have prepared the Group and Parent Company Financial Statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

United Kingdom company law requires that the Directors prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year, and of the profit or loss of the Group for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable Accounting Policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the Financial Statements comply with IFRS's as adopted by the European Union, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and Group and to enable them to ensure that the Financial Statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the information contained in the Financial Statements since they were initially presented on their website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements and other information included in annual reports may differ from legislation in other jurisdictions.

The Company is compliant with AIM Rule 26 regarding the Company's website.

KRYSO RESOURCES PLC

Report of the Independent Auditors

Independent Auditor's Report to the Shareholders of Kryso Resources plc

We have audited the Group and Parent Company Financial Statements (the "Financial Statements") of Kryso Resources plc for the year ended 31 December 2008 which comprise the Consolidated Income Statement, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statement of Changes in Equity, the Accounting Policies and the related notes. These Financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the Financial Statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement that is cross referred from the Business Review and Future Developments section of the Directors' Report. In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. This other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

KRYSO RESOURCES PLC

Report of the Independent Auditors (continued)

Opinion

In our opinion:

- the Group Financial Statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2008 and of the Group's loss for the year then ended;
- the Company Financial Statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985 of the state of the Company's affairs as at 31 December 2008;
- the Financial Statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the Financial Statements.

Emphasis of matter – going concern

In forming our opinion on the Financial Statements, which is not qualified, we have considered the adequacy of the disclosure made on pages 28 and 29 'Accounting Policies – Going Concern' of these Financial Statements concerning the Company's and Group's ability to continue as a going concern. The Group incurred a loss of US\$1,043,000 during the year ended 31 December 2008 and at that date had cash resources of US\$453,000 and net current liabilities of US\$1,544,000. These conditions, along with the other matters explained in 'Accounting Policies – Going Concern' indicate the existence of a material uncertainty which may cast significant doubt about the Company's and Group's ability to continue as a going concern. The Financial Statements do not include the adjustments that would result if the Company and Group were unable to continue as a going concern.



Littlejohn LLP
*Chartered Accountants
and Registered Auditors*

1 Westferry Circus
Canary Wharf
London E14 4HD

9 June 2009

KRYSO RESOURCES PLC

Consolidated Income Statement – Year ended 31 December 2008

		2008	2007
	<i>Note</i>	<u>US\$000</u>	<u>US\$000</u>
Turnover	1	–	–
Cost of sales		–	–
		<u>–</u>	<u>–</u>
Gross Profit			–
Administrative expenses		(980)	(993)
(Loss)/profit on foreign exchange	2	(105)	52
		<u>(1,085)</u>	<u>(941)</u>
Operating Loss	3	(1,085)	(941)
Interest receivable		42	71
		<u>(1,043)</u>	<u>(870)</u>
Loss on Ordinary Activities before Taxation		(1,043)	(870)
Tax on loss on ordinary activities	8	–	–
		<u>–</u>	<u>–</u>
Loss on Ordinary Activities after Taxation attributable to equity holders of the Company		<u>(1,043)</u>	<u>(870)</u>
Basic and Diluted Loss per Share from continuing operations attributable to equity holders of the Company (expressed in US\$ per share)	10	<u>\$ (0.0125)</u>	<u>\$ (0.0125)</u>

All of the activities of the Group are classed as continuing.

The Group has no recognised gains or losses other than the results for the years as set out above.

The accounting policies and notes on pages 26 to 40 form part of these Financial Statements.

KRYSO RESOURCES PLC

Consolidated Balance Sheet – As at 31 December 2008

	<i>Note</i>	<i>2008</i> <i>US\$000</i>	<i>2007</i> <i>US\$000</i>
Non-current assets			
Intangible assets	11	13,893	10,122
Tangible assets	12	170	462
		<u>14,063</u>	<u>10,584</u>
Current assets			
Inventories	14	452	621
Debtors	15	78	327
Cash and cash equivalents		453	1,586
		<u>983</u>	<u>2,534</u>
Current liabilities			
Trade and other payables	16	(820)	(280)
Borrowings	17	(724)	–
		<u>(1,544)</u>	<u>(280)</u>
Net Current (Liabilities)/Assets		<u>(561)</u>	<u>2,254</u>
Total Assets less Current Liabilities		<u>13,502</u>	<u>12,838</u>
Equity and reserves attributable to equity holders of the Company			
Called-up share capital	20	1,680	1,481
Share premium account		14,529	13,033
Retained earnings		(2,707)	(1,676)
Total Equity		<u>13,502</u>	<u>12,838</u>

These Financial Statements were approved and authorised for issue by the Directors on 9 June 2009 and are signed on their behalf by:



Abuali Ismatov
Executive Director



Craig Brown
Finance Director

The accounting policies and notes on pages 26 to 40 form part of these Financial Statements.

KRYSO RESOURCES PLC

Company Balance Sheet – As at 31 December 2008

	Note	2008 US\$000	2007 US\$000
Non-current assets			
Investments	13	15,916	13,069
Current assets			
Debtors	15	192	31
Cash and cash equivalents		435	1,527
		627	1,558
Current liabilities			
Trade and other payables	16	(168)	(224)
Borrowings	17	(724)	–
		(892)	(224)
Net Current (Liabilities)/Assets		(265)	1,334
Total Assets less Current Liabilities		15,651	14,403
Equity and reserves attributable to equity holders of the Company			
Called-up share capital	20	1,680	1,481
Share premium account		14,529	13,033
Retained earnings		(558)	(111)
Total Equity		15,651	14,403

These Financial Statements were approved and authorised for issue by the Directors on 9 June 2009 and are signed on their behalf by:



Abuali Ismatov
Executive Director



Craig Brown
Finance Director

The accounting policies and notes on pages 26 to 40 form part of these Financial Statements.

KRYSO RESOURCES PLC

Consolidated Statement of Changes in Equity – Year ended 31 December 2008

	<i>Share capital US\$'000</i>	<i>Share premium US\$'000</i>	<i>Retained earnings US\$'000</i>	<i>Total US\$'000</i>
Balance at 1 January 2007	1,227	10,554	(828)	10,953
Recognised income and expenses	–	–	(870)	(870)
Share based payments	–	–	22	22
Issue of ordinary shares	254	2,673	–	2,927
Costs of share issue	–	(194)	–	(194)
Balance at 31 December 2007	1,481	13,033	(1,676)	12,838
Recognised income and expenses	–	–	(1,043)	(1,043)
Share based payments	–	–	12	12
Issue of ordinary shares	199	1,585	–	1,784
Costs of share issue	–	(89)	–	(89)
Balance at 31 December 2008	1,680	14,529	(2,707)	13,502

The accounting policies and notes on pages 26 to 40 form part of these Financial Statements.

KRYSO RESOURCES PLC

Company Statement of Changes in Equity – Year ended 31 December 2008

	<i>Share capital US\$'000</i>	<i>Share premium US\$'000</i>	<i>Retained earnings US\$'000</i>	<i>Total US\$'000</i>
Balance at 1 January 2007	1,227	10,554	121	11,902
Recognised income and expenses	–	–	(254)	(254)
Share based payments	–	–	22	22
Issue of ordinary shares	254	2,673	–	2,927
Costs of share issue	–	(194)	–	(194)
Balance at 31 December 2007	1,481	13,033	(111)	14,403
Recognised income and expenses	–	–	(459)	(459)
Share based payments	–	–	12	12
Issue of ordinary shares	199	1,585	–	1,784
Costs of share issue	–	(89)	–	(89)
Balance at 31 December 2008	1,680	14,529	(558)	15,651

The accounting policies and notes on pages 26 to 40 form part of these Financial Statements.

KRYSO RESOURCES PLC

Consolidated Cash Flow Statement – Year ended 31 December 2008

	<i>2008</i>	<i>2007</i>
	<i>US\$000</i>	<i>US\$000</i>
Net Cash Outflow from Operating Activities	<u>(100)</u>	<u>(1,213)</u>
Cash flows from Investing Activities		
Payments to acquire intangible fixed assets	(3,486)	(2,187)
Payments to acquire tangible fixed assets	(8)	(311)
Interest received	42	71
Net Cash Outflow from Investing Activities	<u>(3,452)</u>	<u>(2,427)</u>
Cash flows from Financing Activities		
Issue of equity share capital (net of issue costs)	1,695	2,733
Proceeds from borrowings	724	–
Net Cash generated from Financing Activities	<u>2,419</u>	<u>2,733</u>
Net Decrease in Cash and cash equivalents	<u>(1,133)</u>	<u>(907)</u>
Cash and cash equivalents at beginning of the year	<u>1,586</u>	<u>2,493</u>
Cash and cash equivalents at end of the year	<u><u>453</u></u>	<u><u>1,586</u></u>

The accounting policies and notes on pages 26 to 40 form part of these Financial Statements.

KRYSO RESOURCES PLC

Notes to the Consolidated Cash Flow Statement – Year ended 31 December 2008

	<i>2008</i>	<i>2007</i>
	<i>US\$000</i>	<i>US\$000</i>
	<hr/>	<hr/>
Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities		
Operating loss	(1,085)	(941)
Depreciation	15	32
Share based payments	12	22
Decrease/(Increase) in inventories	169	(397)
Decrease/(Increase) in debtors	249	(91)
Increase in trade and other payables	540	162
	<hr/>	<hr/>
Net Cash Outflow from Operating Activities	(100)	(1,213)
	<hr/> <hr/>	<hr/> <hr/>

The accounting policies and notes on pages 26 to 40 form part of these Financial Statements.

KRYSO RESOURCES PLC

Company Cash Flow Statement – Year ended 31 December 2008

	<i>2008</i>	<i>2007</i>
	<i>US\$000</i>	<i>US\$000</i>
Net Cash Outflow from Operating Activities	<u>(706)</u>	<u>(213)</u>
Cash flows from Investing Activities		
Payments to increase investments	(2,847)	(3,351)
Interest received	42	71
Net Cash Outflow from Investing Activities	<u>(2,805)</u>	<u>(3,280)</u>
Cash flows from Financing Activities		
Issue of equity share capital (net of issue costs)	1,695	2,733
Proceeds from borrowings	724	–
Net Cash generated from Financing Activities	<u>2,419</u>	<u>2,733</u>
Net Decrease in Cash and cash equivalents	<u>(1,092)</u>	<u>(760)</u>
Cash and cash equivalents at beginning of the year	<u>1,527</u>	<u>2,287</u>
Cash and cash equivalents at end of the year	<u><u>435</u></u>	<u><u>1,527</u></u>

The accounting policies and notes on pages 26 to 40 form part of these Financial Statements.

KRYSO RESOURCES PLC

Notes to the Company Cash Flow Statement – Year ended 31 December 2008

	<i>2008</i>	<i>2007</i>
	<i>US\$000</i>	<i>US\$000</i>
	<hr/>	<hr/>
Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities		
Operating loss	(501)	(325)
Share based payments	12	22
Increase in debtors	(161)	(3)
(Decrease)/Increase in trade and other payables	(56)	93
	<hr/>	<hr/>
Net Cash Outflow from Operating Activities	(706)	(213)
	<hr/> <hr/>	<hr/> <hr/>

The accounting policies and notes on pages 26 to 40 form part of these Financial Statements.

KRYSO RESOURCES PLC

Accounting Policies

Basis of Accounting

These Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC interpretations and those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The Financial Statements have been prepared under the historical cost convention as modified by goodwill and share based payments which are stated at fair value.

The preparation of Financial Statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The functional currency of the Company and Group is US dollars and accordingly the amounts in the Financial Statements are denominated in that currency. The Balance Sheet rates of exchange for the US dollar to UK Sterling were \$1.4479 to £1.

Adoption of new and revised International Financial Reporting Standards (IFRSs)

During 2008 the Group adopted all the new and revised IFRSs and International Accounting Standards (IAS), which are relevant to its operations and are effective for accounting periods commencing on 1 January 2008.

The adoption of these Standards did not have a material effect on the Group financial statements.

At the date of approval of these Financial Statements the following standards and interpretations were in issue but not yet effective, or not yet relevant:

IAS 1 (amended)	Presentation of Financial Statements
IFRS 2 (amended)	Share based payment
IFRS 8	Operating segments
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation
IFRIC 17	Distributions of Non-cash Assets to Owners
IFRIC 18	Transfer of Assets from Customers

The Board of Directors expects that the adoption of these Standards in future periods will not have a material effect on the consolidated financial statements of the Group.

Basis of Consolidation

The consolidated Financial Statements incorporate the Financial Statements of the Company and all Group undertakings. These are adjusted, where appropriate, to conform to Group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised. The results of companies acquired or disposed of are included in the Group income statement after or up to the date that control passes respectively. As a consolidated Group income statement is published, a separate income statement for the parent company is omitted from the Group Financial Statements by virtue of section 230 of the Companies Act 1985. All significant intercompany transactions and balances between group undertakings are eliminated on consolidation.

KRYSO RESOURCES PLC

Accounting Policies (continued)

Goodwill

Goodwill arising on consolidation, representing the fair value of the consideration over fair value of the identifiable assets acquired is capitalised and reviewed annually for impairment in value.

Exploration and Evaluation Expenditure

Research expenditure is written off in the year in which it is incurred. When a decision is taken that a mining property becomes viable for commercial production, all further pre-production expenditure is capitalised. Expenditure included in the initial measurement of exploration and evaluation assets and which are classified as intangible assets relate to the acquisition of rights to undertake topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and other activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of any asset may exceed its recoverable amount. The assessment is carried out by allocating exploration and evaluation assets to cash generating units which are based on geographical areas. Where exploration for and evaluation of mineral resources in cash generating units does not lead to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities at that unit, the associated expenditure will be written off in the Income Statement.

Impairment

Assets that have an indefinite economic life are not subject to amortisation and are tested annually for impairment. If any indication of impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised immediately as an expense.

Fixed Assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided to write off the cost of an asset, less its estimated residual value, over the expected useful economic life of that asset as follows:

Plant and Machinery	– 33% straight line
Motor Vehicles	– 33% straight line
Office Furniture and Equipment	– 33% straight line

Inventory

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

KRYSO RESOURCES PLC

Accounting Policies (continued)

Foreign Currencies

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Group Financial Statements are presented in US dollars, which is the Group's presentation currency.

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the Balance Sheet date. Exchange differences are dealt with through the income statement.

Deferred Taxation

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit or loss. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Share Based Payments

The Group operates a share option scheme to encourage participation by Directors and employees in the Group's performance. The fair value of the services received in exchange for the grant of options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of any option granted, excluding non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Company assesses its estimate of options that are expected to vest.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Going Concern

As described in the Chairman's Statement on pages 3 and 4, the Group's agreement with Vertex to subscribe for new shares worth £2.56 million lapsed on 27 May 2009. Vertex had already provided the Group with initial financing of £500,000 at the equivalent of 5.5p per share through a mandatorily convertible loan. The Company has also reached agreement with Great Basin Gold Limited ("GBG") in respect of a loan provided to the Company of £500,000 ("GBG Loan"). The GBG Loan will automatically convert into new ordinary shares of the Company at a subscription price of 5p per new ordinary share upon the Company completing subscriptions for equity or other securities with a total aggregate subscription price of £500 or more during the period from 1 June 2009 to 31 August 2009.

On 2 June 2009 the Company entered into a conditional placing agreement with Orbis in respect of up to 30 million new Ordinary Shares of the Company at a placing price of 5p per ordinary share. The placing, if fully subscribed, will raise £1.5 million before costs. The net proceeds of the Orbis placing

KRYSO RESOURCES PLC

Accounting Policies (continued)

and the funds received from Vertex will fund the completion of the bankable feasibility study, fund the Company's ongoing AIM compliance costs and fund other working capital requirements of the Company and Group.

The completion of the bankable feasibility study will enable the Group to enter into discussions to secure funding to progress the Pakrut gold project into an open pit and underground mining operation. It is likely that these discussions will not be completed for some time and there is no guarantee that the Group will be able to secure sufficient levels of funding on acceptable terms.

The Group's forecasts and projections, taking into account the proceeds of the Equity Placing Agreement with Orbis if fully subscribed and Vertex's mandatorily convertible loan, show that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis in preparing the financial statements.

Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Financial Risk Management

The Group's operations expose it to a number of financial risks; principally the availability of adequate funding, movements in interest rates and fluctuations in foreign currency exchange rates. Continuous monitoring of these risks ensures that the Group is protected against any potential adverse effects of such risks so far as it is possible and foreseeable.

The continued operation of the Group is dependent on the ability to raise sufficient working capital. The Group currently finances itself through the issue of equity share capital and short term borrowings and management monitors its cash and future funding requirements through the use of cash flow forecasts. All cash not immediately required for working capital purposes is held on short term deposit. The rate of interest payable on the loan is currently fixed therefore the Group's only exposure to interest rate fluctuations is restricted to the rates earned on short term deposits.

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures primarily with respect to the US dollar, UK sterling and Tajik somoni. Foreign exchange risk arises from future transactions and net investments in foreign operations. The Group does not currently hedge its exposure to foreign currencies and recognises the profits and losses resulting from currency fluctuations as and when they arise.

KRYSO RESOURCES PLC

Notes to the Financial Statements

1. Revenue

The Group did not generate any revenue in the year.

2. (Loss)/Gain on Foreign Exchange

The gain on foreign exchange in both years arises as a result of translating the Group's bank balances and borrowings at the year end.

3. Operating Loss

Operating loss is stated after charging:

	<i>2008</i>	<i>2007</i>
	<i>US\$000</i>	<i>US\$000</i>
Depreciation	300	450
less transfer to exploration costs	(285)	(418)
Auditors' remuneration		
Fees payable to the Company's auditor for the audit of the Group's and Company's annual accounts	35	19
Other services under legislative requirements	2	3
Tax services	2	2
Services relating to corporate finance transaction	29	–
Operating lease rentals – other	41	26

4. Business and Geographical Segments

The Group has only one distinct business segment, being that of mineral exploration and evaluation.

Geographical Segments

The Group's exploration activities are located in Tajikistan, with two different projects, Pakrut and Hukas. Support services are provided from the UK.

<i>2008</i>	<i>UK</i>	<i>Tajikistan</i>		<i>Total</i>
	<i>US\$000</i>	<i>Pakrut</i>	<i>Hukas</i>	
Operating loss	(832)	(213)	(25)	(1,070)
Financial income	42	–	–	42
Financial costs	(15)	–	–	(15)
Loss for the year	(805)	(213)	(25)	(1,043)
Total Assets	4,906	9,727	413	15,046
Total Liabilities	1,187	146	211	1,544
Depreciation of fixed assets	9	290	1	300
Additions to tangible assets	–	8	–	8
Additions to intangible assets	–	3,647	124	3,771

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

4. Business and Geographical Segments (continued)

2007	UK	Tajikistan		Total
	US\$000	Pakrut US\$000	Hukas US\$000	US\$000
Operating loss	(659)	(261)	(21)	(941)
Financial income	71	–	–	71
Loss for the year	(588)	(261)	(21)	(870)
Total Assets	6,145	6,796	177	13,118
Total Liabilities	325	(44)		281
Depreciation of fixed assets	23	426	1	450
Additions to tangible assets	29	278	4	311
Additions to intangible assets	–	2,410	195	2,605

5. Particulars of Employees

The average number of staff employed by the Group during the financial year amounted to:

	2008 No.	2007 No.
Administrative and management	27	23
Mining	170	141
	<u>197</u>	<u>164</u>

The aggregate payroll costs of the above were:

	2008 US\$000	2007 US\$000
Wages and salaries	1,324	1,047
Social security costs	110	105
Share based payments	12	22
	<u>1,446</u>	<u>1,174</u>

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

6. Directors' Emoluments

The Directors' aggregate emoluments in respect of qualifying services were:

	<i>2008</i> <i>US\$000</i>	<i>2007</i> <i>US\$000</i>
Emoluments receivable – from the company	72	86
– from group companies	534	480
	<u>606</u>	<u>566</u>

During the year no Director (2007 – no Director) participated in a money purchase pension scheme. During the year, one Director (2007 – no Director) exercised share options.

The highest paid director received emoluments as follows:

	<i>2008</i> <i>US\$000</i>	<i>2007</i> <i>US\$000</i>
Emoluments receivable	<u>233</u>	<u>150</u>

7. Expenses by Nature

	<i>2008</i> <i>US\$000</i>	<i>2007</i> <i>US\$000</i>
Employee benefit expenses	344	395
Operating lease expenses	41	26
Depreciation	15	32
Changes in inventory	169	(397)
Other expenses	411	937
	<u>980</u>	<u>993</u>

8. Taxation on Ordinary Activities

(a) Analysis of Charge in the Year

Current tax:

	<i>2008</i> <i>US\$000</i>	<i>2007</i> <i>US\$000</i>
UK Corporation tax based on the results for the year	–	–
Overseas tax credits	–	–
Total current tax	<u>–</u>	<u>–</u>

A subsidiary undertaking, Kryso Resources Limited, is registered as an exempted company for British Virgin Islands income tax purposes and its subsidiary undertakings have recorded no assessable profit for Tajikistan profits tax purposes and accordingly, no provision for British Virgin Islands income tax or Tajikistan profits tax has been made.

No provision for deferred taxation on accelerated capital allowances has been made on the grounds that it is immaterial.

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

8. Taxation on Ordinary Activities (continued)

(b) Factors Affecting Current Tax Charge

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28.5% (2008 – 30%).

	<i>2008</i>	<i>2007</i>
	<i>US\$000</i>	<i>US\$000</i>
Loss on ordinary activities before taxation	(1,043)	(870)
Loss on ordinary activities by rate of tax	(297)	(261)
Disallowed expenditure	6	13
Losses carried forward/utilisation of losses	150	106
Overseas losses	141	142
Total current tax - (note 8(a))	–	–

Deferred tax assets have not been recognised in the Financial Statements as the Directors are uncertain as to when they will be utilised.

9. Loss Attributable to Members of the Parent Company

The loss dealt with in the Financial Statements of the parent company was US\$459,031 (2007 – loss US\$254,480).

10. Loss per Share

	<i>2008</i>	<i>2007</i>
	<i>US\$</i>	<i>US\$</i>
Basic and diluted loss per ordinary share	(0.0125)	(0.0125)

The basic loss per share is calculated by dividing the loss on ordinary activities after tax of US\$969,000 (2007 – loss US\$870,000) by the weighted average number shares in issue and carrying the right to receive dividend. For the year ended 31 December 2008 this was 83,450,150 (2007 – 69,691,184) shares.

As the Group has incurred a loss for the year, no option or warrant is potentially dilutive, and hence the basic and diluted loss per share are the same. At the year end there were 7,825,000 share options and 7,203,823 warrants outstanding that are potentially dilutive.

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

11. Intangible Fixed Assets Group

	<i>Exploration Costs US\$000</i>	<i>Goodwill US\$000</i>	<i>Total US\$000</i>
Cost			
At 1 January 2007	2,774	4,743	7,517
Acquired in year	2,605	–	2,605
At 1 January 2008	5,379	4,743	10,122
Acquired in year	3,771	–	3,771
At 31 December 2008	<u>9,150</u>	<u>4,743</u>	<u>13,893</u>
Net Book Value			
At 31 December 2008	<u>9,150</u>	<u>4,743</u>	<u>13,893</u>
At 31 December 2007	<u>5,379</u>	<u>4,743</u>	<u>10,122</u>

Exploration costs represent internally generated exploration and evaluation costs relating to the Group's exploration activities. No amortisation has been charged on these assets. Based upon independent valuations of the existing proven resource at the Pakrut gold project and licence, in the opinion of the Directors the exploration costs and associated goodwill are fully recoverable.

12. Tangible Fixed Assets Group

	<i>Office furniture and equipment US\$000</i>	<i>Motor vehicles US\$000</i>	<i>Plant and machinery US\$000</i>	<i>Total US\$000</i>
Cost				
At 1 January 2007	89	164	982	1,235
Acquired in year	34	29	248	311
At 1 January 2008	123	193	1,230	1,546
Acquired in year	7	–	1	8
At 31 December 2008	<u>130</u>	<u>193</u>	<u>1,231</u>	<u>1,554</u>
Depreciation				
At 1 January 2007	58	77	499	634
Charge for the year	33	53	364	450
At 1 January 2008	91	130	863	1,084
Charge for the year	18	44	238	300
At 31 December 2008	<u>109</u>	<u>174</u>	<u>1,101</u>	<u>1,384</u>
Net book value				
At 31 December 2008	<u>21</u>	<u>19</u>	<u>130</u>	<u>170</u>
At 31 December 2007	<u>32</u>	<u>63</u>	<u>367</u>	<u>462</u>

Motor vehicles and plant and machinery are used solely for exploration and evaluation activities.

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

13. Investments Company

	<i>Shares in Group Undertakings US\$000</i>	<i>Loans to Group Undertakings US\$000</i>	<i>Total US\$000</i>
Cost			
At 1 January 2007	5,440	4,278	9,718
New loan in the year	–	3,351	3,351
At 1 January 2008	5,440	7,629	13,069
New loan in the year	–	2,847	2,847
At 31 December 2008	<u>5,440</u>	<u>10,476</u>	<u>15,916</u>

Subsidiary Undertakings

<i>Name of Company</i>	<i> Holding</i>	<i>Country of incorporation</i>	<i>Proportion of Voting Rights Held</i>	<i>Nature of Business</i>
<u>Directly held</u>				
Kryso Resources Limited	Ordinary Shares	British Virgin Islands	100%	Holding Company
<u>Indirectly held</u>				
Limited Liability Company Pakrut	Ordinary Shares	Tajikistan	100%	Mineral Exploitation
Limited Liability Company Kuhi Zarin	Ordinary Shares	Tajikistan	100%	Mineral Exploitation
International Mining Supplies and Services Limited	Ordinary Shares	UK	100%	Service Company
Limited Liability Company Gumas	Ordinary Shares	Tajikistan	100%	Mineral Exploitation
Limited Liability Company Asia Oil and Gas	Ordinary Shares	Tajikistan	100%	Mineral Exploitation

14. Inventories

	Group 2008 US\$000	Company 2008 US\$000	Group 2007 US\$000	Company 2007 US\$000
Consumables	<u>452</u>	<u>–</u>	<u>621</u>	<u>–</u>

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

15. Debtors

	Group 2008 <i>US\$000</i>	Company 2008 <i>US\$000</i>	Group 2007 <i>US\$000</i>	Company 2007 <i>US\$000</i>
Amounts due from group undertaking	–	180	–	–
Other debtors	38	–	203	–
Prepayments and deposits	40	12	124	31
	<u>78</u>	<u>192</u>	<u>327</u>	<u>31</u>

16. Trade and other payables

	Group 2008 <i>US\$000</i>	Company 2008 <i>US\$000</i>	Group 2007 <i>US\$000</i>	Company 2007 <i>US\$000</i>
Amount due to group undertaking	–	–	–	133
Other creditors	631	66	254	69
Accruals and deferred income	189	102	26	22
	<u>820</u>	<u>168</u>	<u>280</u>	<u>224</u>

17. Borrowings

	Group 2008 <i>US\$000</i>	Company 2008 <i>US\$000</i>	Group 2007 <i>US\$000</i>	Company 2007 <i>US\$000</i>
Convertible loan	724	724	–	–
	<u>724</u>	<u>724</u>	<u>–</u>	<u>–</u>

Kryso Resources plc borrowed £500,000 from Great Basin Gold Limited (GBG), a major shareholder who own 15% of the issued share capital. Ferdinand Dippenaar, a non-executive director of Kryso, is also a director of Great Basin Gold Limited. The Convertible Loan Agreement constitutes a related party transaction, pursuant to Rule 13 of the AIM Rules for Companies.

This loan was repayable on 31 October 2008. Under the terms of the agreement GBG had the right to convert the loan into ordinary shares at a strike price of 11.5p per share during the period beginning 1 July 2008 and ending on 31 October 2008. The loan would not bear interest other than in an instance of default, in which case, default interest at a rate of 12% per annum would apply.

In consideration for the loan, Kryso has granted Great Basin Gold Limited 1,086,956 warrants to subscribe for ordinary shares at an exercise price of 15p per share for a two year period.

The Directors of Kryso, excluding Ferdinand Dippenaar, having consulted with Ruegg & Co Limited, the Company's Nominated Advisor, consider the terms of the transaction to be fair and reasonable insofar as its shareholders are concerned.

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

17. Borrowings (continued)

At the end of 2008 the loan was still outstanding and the Company was accruing default interest on the loan of 12% per annum.

On 1 June 2009 the terms of the loan were renegotiated such that GBG agreed not to demand repayment, but to convert the loan at 5.5p per share. The carrying amount of the loan approximates to its fair value.

18. Treasury Policy and Financial Instruments

The Group operates informal treasury policies which include ongoing assessments of interest rate management and borrowing policy. The board approves all decisions on treasury policy.

Facilities are arranged, based on criteria determined by the Board, as required to finance the long term requirements of the Group. The Group has financed its activities by the raising of funds through the placing of shares.

At 31 December 2008 there were no net monetary assets denominated in currencies other than the functional currencies of the operations.

There are no material differences between the book value and fair value of the financial assets at the year-end.

19. Related Party Transactions

At the year end, Trevor Davenport, a Director of the Company, was due US\$2,896 for directors fees (2007 – Trevor Davenport was not due anything). At the year-end, Craig Brown was due US\$35,083, in respect of his salary and holiday pay (2007 – US\$61,505 was due to Craig Brown). At the year end, Vassilios Carellas was owed US\$9,177, in respect of his salary, holiday pay and expenses (2007 – US\$ 15,006 was due to Vassilios Carellas). At the year-end, Abuali Ismatov was due US\$38,802 in respect of his salary and holiday pay (2007 – US\$6,224 was due to Abuali Ismatov).

Kryso Resources plc charged Kryso Resources Limited a management fee of US\$ 180,000 during 2008 (2007 – \$180,000). International Mining Supplies & Services Limited charged Kryso Resources plc a management fee of US\$66,954 during 2008 (2007 – \$71,943) for the supply of office services. International Mining Supplies & Services Limited provided goods and services to LLC Pakrut for US\$489,291 during 2008 (2007 – \$1,058,307). As at 31 December 2008 the amount due from Kryso Resources Limited and International Mining Supplies & Services Limited to Kryso Resources plc was US\$10,476,774 and US\$179,602 respectively.

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

20. Share Capital

Group and Company

Authorised Share Capital

	<i>2008</i> <i>US\$000</i>	<i>2007</i> <i>US\$000</i>
100,000,000 (2007 – 100,000,000) Ordinary shares of £0.01 each	<u>2,000</u>	<u>2,000</u>
Allotted, Called up and Fully Paid		
At 1 January, 79,239,024 (2007 – 66,500,000) Ordinary shares of £0.01 each	1,481	1,227
10,008,261 (2007 – 12,739,024) Ordinary £0.01 shares allotted during the period	<u>199</u>	<u>254</u>
At 31 December, 89,247,285 (2007 – 79,239,024) Ordinary shares of £0.01 each	<u>1,680</u>	<u>1,481</u>

During the year 10,008,261 ordinary shares of £0.01 were allotted fully paid for a consideration of \$1,783,488.

Share Option Scheme

Options can be granted to any employee of the Group. The option price is not to be less than the initial Placing Price or the price on the day of issue. The options cannot be exercised for a period of at least one year from the date of grant. In event of any employee to whom options have been granted ceasing to be an employee of the Group he or she will have a set period in which to exercise those options (depending on the reasons for leaving) failing which the options will lapse.

Details of share options granted by the Company were as follows:

	<i>No. of share options</i>	<i>2008 Weighted average price (pence)</i>	<i>No. of share options</i>	<i>2007 Weighted average price (pence)</i>
Share Option Scheme				
Outstanding at beginning of year	3,325,000	12	2,675,000	12
Granted during the year	5,500,000	10	700,000	13
Exercised during the year	–	–	(50,000)	10
Surrendered during the year	(1,000,000)	12	–	–
Outstanding at end of year	<u>7,825,000</u>	<u>11</u>	<u>3,325,000</u>	<u>12</u>
Exercisable at 31 December	<u>2,925,000</u>	<u>12</u>	<u>2,625,000</u>	<u>12</u>

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

20. Share Capital (continued)

The Group is required to recognise an expense for all share based payments made after 7 November 2002 which had not yet fully vested at the relevant effective date of 1 January 2006 together with options granted after 1 January 2006. Exercise of an option is subject to continued employment. Options were valued using the Black-Scholes option-pricing model. The assumptions used to value the options are set out below:

Option granted on	24 November 2004	24 November 2004	24 November 2004	24 November 2004	13 May 2005	15 November 2005	5 October 2007	10 September 2008
Shares under option	200,000	200,000	200,000	200,000	375,000	400,000	700,000	5,500,000
Exercise price (£)	0.15	0.10	0.15	0.10	0.10	0.135	0.13	0.10
Exercise from (years)	2	2	3	3	1	1	1	1
Option life (years)	5	5	5	5	4	4	4	5
Risk free rate	4.41%	4.41%	4.41%	4.41%	4.41%	4.41%	4.41%	4.21%
Expected volatility	33%	33%	33%	33%	33%	33%	33%	23%
Expected dividend yield	0%	0%	0%	0%	0%	0%	0%	0%
Forfeiture rate	33%	33%	33%	33%	33%	33%	33%	33%
Pirce (£) 0.01	0.01	0.02	0.01	0.02	0.02	0.03	0.02	0.01
Bid price discount	5%	5%	5%	5%	5%	5%	5%	5%
Fair value of options granted (£)	1,345	2,680	1,340	2,680	5,025	8,040	9,380	32,830

The expected volatility is based on historical volatility over the last two years. The total fair value has been spread over the relevant vesting periods and has resulted in a charge to the profit and loss account for the year ended 31 December 2008 of US\$12,017 (2007 - US\$21,725).

The weighted average remaining life of the outstanding share options at 31 December 2008 was 2.6 years.

Warrants

On 5 October 2007, 640,587 warrants were granted to FD Holdings Limited pursuant to the placing of 12,689,024 ordinary shares during the year by Fox-Davis Capital Limited. The exercise price for these warrants is 11.5p per ordinary share. The warrants are exercisable up to five years from the date of grant.

On 18 December 2006, 5,000,000 warrants were granted to Great Basin Gold Limited pursuant to their investment in 10,000,000 ordinary shares of 1p each. The exercise price for these warrants is 15p per ordinary share. The warrants are exercisable up to two years from the date of grant.

On 25 April 2008, 1,086,956 warrants were granted to Great Basin Gold Limited in consideration of the issue of the convertible unsecured interest free loan to the Company of £500,000 as disclosed in Note 17. The warrants are exercisable for a 24 month period at a price of 15 pence per share.

On 31 July 2008, 153,780 warrants were granted to FD Holdings Limited pursuant to the placing of 3,558,261 ordinary shares during the year by Fox-Davies Capital Limited. The exercise price for these warrants is 9p per ordinary share. The warrants are exercisable until 31 July 2013.

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

20. Share Capital (continued)

On 31 July 2008, 322,500 warrants were granted to Orbis Equity Partners pursuant to the placing of 6,450,000 ordinary shares during the year by Orbis Equity Partners. The exercise price for these warrants is 9p per ordinary share. The warrants are exercisable until 31 July 2013.

Any ordinary shares allotted pursuant to an exercise of warrants will rank *pari passu* in all respects with the ordinary shares in issue at the date of exercise of the warrants.

21. Controlling Party

There is no controlling party.

KRYSO RESOURCES PLC

Notice of Annual General Meeting

KRYSO RESOURCES PLC (the “Company”)

NOTICE IS HEREBY given that the fifth annual general meeting of the Company will be held at Speechly Bircham LLP, 6 New Street Square, London, EC4A 3LX on Friday, 3 July 2009 at 11.00 am for the following purposes:

Ordinary Business

To consider and, if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive and adopt the Company’s annual accounts for the financial year ended 31 December 2008 together with the last directors’ report and auditors’ report on those accounts.
2. To reappoint Andrew Malim who retires by rotation.
3. To reappoint Gennady Tolmachev who retires by rotation.
4. To reappoint Littlejohn LLP as auditors, to hold office from the conclusion of the meeting to the conclusion of the next meeting at which the accounts are laid before the Company, at a remuneration to be determined by the directors.

Special Business

To consider and, if thought fit, to pass the following resolutions of which resolution 5 will be proposed as an ordinary resolution and resolutions 6 and 7 will be proposed as special resolutions.

5. THAT the directors be and they are generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (the “Act”) to exercise all the powers of the Company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of £1,500,000 provided that this authority is for a period expiring at the Company’s next Annual General Meeting but the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This authority is in substitution for all subsisting authorities, to the extent unused.
6. THAT subject to the passing of resolution 5 the directors be and they are empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) of the Act) wholly for cash pursuant to the authority conferred by the previous resolution as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
 - (a) in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange;
 - (b) in connection with the issue of any shares pursuant to the exercise of any options granted under the Company’s unapproved employee share option scheme, adopted by the board of the Company on 24 November 2004 (as amended or replaced from time to time) (the “Share Option Scheme”); and

KRYSO RESOURCES PLC

Notice of Annual General Meeting (continued)

- (c) otherwise than pursuant to sub-paragraphs (a) and (b) above to an aggregate nominal amount of £1,000,000.

and shall expire on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

7. THAT new articles of association in the form annexed hereto and initialled by the Chairman for the purposes of identification be and are hereby adopted in substitution for and to the exclusion of the existing articles of association of the Company.



By order of the Board
Craig Brown
Secretary

Dated 9 June 2009

Registered Office:
Unit 3H, Cooper House
2 Michael Road
London SW6 2AD

Notes:

1. A member who is entitled to attend and vote at the meeting may appoint one or more proxies to exercise all or any of his rights to attend, speak and vote on his behalf at the meeting. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member.
2. To be valid, a form of proxy for use at the meeting, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be deposited in hard copy form by post or courier or by hand at the Company's registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA at least 48 hours before the time for holding the meeting.
3. Completion and return of a form of proxy will not preclude a shareholder from attending and voting at the meeting in person if he subsequently decides to do so.
4. The following principles shall apply in relation to the appointment of multiple proxies:
 - (a) the Company will give effect to the intentions of members and include votes wherever and to the fullest extent possible;

KRYSO RESOURCES PLC

Notice of Annual General Meeting (continued)

- (b) where a proxy does not state the number of shares to which it applies (a “**blank proxy**”) then, subject to the following principles where more than one proxy is appointed, that proxy is deemed to have been appointed in relation to the total number of shares registered in the name of the appointing member (the “**member’s entire holding**”). In the event of a conflict between a blank proxy and a proxy which does state the number of shares to which it applies (a “**specific proxy**”), the specific proxy shall be counted first, regardless of the time it was sent or received (on the basis that as far as possible, the conflicting forms of proxy should be judged to be in respect of different shares) and remaining shares will be apportioned to the blank proxy (pro rata if there is more than one);
 - (c) where there is more than one proxy appointed and the total number of shares in respect of which proxies are appointed is no greater than the member’s entire holding, it is assumed that proxies are appointed in relation to different shares, rather than that conflicting appointments have been made in relation to the same shares. That is, there is only assumed to be a conflict where the aggregate number of shares in respect of which proxies have been appointed exceeds the member’s entire holding;
 - (d) when considering conflicting proxies, later proxies will prevail over earlier proxies, and which proxy is later will be determined on the basis of which proxy is last sent (or, if the Company is unable to determine which is last sent, last received). Proxies in the same envelope will be treated as sent and received at the same time, to minimise the number of conflicting proxies;
 - (e) if conflicting proxies are sent or received at the same time in respect of (or deemed to be in respect of) an entire holding, none of them shall be treated as valid;
 - (f) where the aggregate number of shares in respect of which proxies are appointed exceeds a member’s entire holding and it is not possible to determine the order in which they were sent or received (or they were all sent or received at the same time), the number of votes attributed to each proxy will be reduced pro rata;
 - (g) where the application of paragraph (f) above gives rise to fractions of shares, such fractions will be rounded down;
 - (h) if a member appoints a proxy or proxies and then decides to attend the meeting in person and vote, on a poll, using his poll card, then the vote in person will override the proxy vote(s). If the vote in person is in respect of the member’s entire holding then all proxy votes will be disregarded. If, however, the member votes at the meeting in respect of less than the member’s entire holding, then if the member indicates on his polling card that all proxies are to be disregarded, that shall be the case; but if the member does not specifically revoke proxies, then the vote in person will be treated in the same way as if it were the last received proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding the member’s entire holding; and
 - (i) in relation to paragraph (h) above, in the event that a member does not specifically revoke proxies, it will not be possible for the Company to determine the intentions of the member in this regard. However, in light of the aim to include votes wherever and to the fullest extent possible, it will be assumed that earlier proxies should continue to apply to the fullest extent possible.
5. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company’s register of members not later than 11:00 am on 1 July 2009 or, if the meeting is adjourned, shareholders entered on the Company’s register of members not later than 48 hours before the time fixed for the adjourned meeting shall be entitled to attend and vote at the meeting.
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KRYSO RESOURCES PLC

Explanatory Note

Amendments to Articles of Association – explanatory notes on the proposed changes

1. General

The proposed amendments to the Articles of Association reflect recent changes in the law following parts of the new Companies Act 2006 coming into force. Certain provisions in the current Articles of Association (“Current Articles”) which replicate provisions contained in the Companies Act 2006 are removed in the new Articles of Association (“New Articles”), or amended to bring them into line with the Companies Act 2006. Examples include provisions as to the form of resolutions, the variation of class rights and provisions regarding the period of notice required to convene general meetings. The main changes made to reflect this approach are detailed below.

2. Form of resolution

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special, written or extraordinary resolution is also effective and where an extraordinary resolution is required a special resolution is also effective. This provision is being amended as the concept of extraordinary resolutions has not been retained and public companies cannot pass written resolutions under the Companies Act 2006.

3. Variation of class rights

The Current Articles contain provisions regarding the variation of class rights. The proceedings and specific quorum requirements for a meeting convened to vary class rights are contained in the Companies Act 2006. The relevant provisions have therefore been amended in the New Articles.

4. Convening extraordinary and annual general meetings

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being removed in the New Articles because the relevant matters are provided for in the Companies Act 2006. In particular a general meeting (other than the annual general meeting) to consider a special resolution can be convened on 14 days’ notice whereas previously 21 days’ notice was required.

5. Votes of members

Under the Companies Act 2006 proxies are entitled to vote on a show of hands whereas under the Current Articles proxies are only entitled to vote on a poll. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. Multiple corporate representatives may be appointed (but if they purport to exercise their rights in different ways, then the power is treated as not being exercised). The New Articles reflect all of these new provisions.

6. Chairman’s casting vote

Under the Companies Act 2006, there is no longer any provision for the chairman of the general meeting to have an additional casting vote in the event of equality of votes. Therefore, a simple majority will always be required to pass an ordinary resolution.

7. Written resolutions

Under the Companies Act 2006, a public company is no longer permitted to pass resolutions by way of written resolution. A general meeting will be required in all cases. The provisions in the Current Articles relating to written resolutions have been removed from the New Articles.

KRYSO RESOURCES PLC

Explanatory Note (continued)

8. Conflicts of interest

The Companies Act 2006 sets out director's general duties which largely codify the existing law but with some changes. Under the Companies Act 2006, from 1 October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director being in breach of duty if a conflict or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors.

9. Distribution of assets otherwise than in cash

The Current Articles contain provisions dealing with the distribution of assets in kind in the event of the Company going into liquidation. These provisions have been removed in the New Articles on the grounds that a provision about the powers of liquidators is a matter for insolvency law rather than the articles and that the Insolvency Act 1986 confers powers on the liquidator which would enable it to do what is envisaged by the Current Articles.

10. Electronic and web communications

The relevant provisions have been updated to bring them into line with the 2006 Act.

11. Directors' indemnities and loans to fund expenditure

The Companies Act 2006 has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. In addition, the existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies.

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KRYSO RESOURCES PLC

Articles of Association

Registered no: 05190505

THE COMPANIES ACTS 1985 and 1989
PUBLIC COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
KRYSO RESOURCES PLC

(as adopted by a special resolution passed on • June 2009)

PRELIMINARY

1. No regulations set out in any schedule to any statute or statutory instrument concerning companies (including the regulations in Table A of the Companies (Tables A to F) Regulations 1985 shall apply as regulations or articles of association of the Company.

DEFINITIONS AND INTERPRETATION

2.1 *Definitions*

In these Articles (except where the context otherwise requires) the following words and expressions shall have the following meanings:

“1985 Act”	the Companies Act 1985 to the extent in force from time to time;
“2006 Act”	the Companies Act 2006 to the extent in force from time to time;
“Act”	the 1985 Act and the 2006 Act;
“Auditors”	the auditors of the Company for the time being;
“Board”	the board of Directors of the Company or the Directors present at a meeting of Directors at which a quorum is present;
“business day”	a week day on which banks are generally open for business in the City of London;
“clear days”	in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;
“Companies Acts”	the Act and every statute concerning companies and all regulations and other subordinate legislation made thereunder from time to time insofar as the same applies to the Company;
“Company”	Kryso Resources plc (company registration number 05190505);
“Crest”	the electronic system for the transfer of shares and other securities operated by Euroclear UK & Ireland Limited;
“debenture” and “debenture holder”	include debenture stock and debenture stockholder respectively;

“Directors”	those persons holding office as directors of the Company from time to time;
“electronic”	actuated by electric, magnetic, electro-magnetic, electro-chemical or electro-mechanical energy and “ by electronic means ” means by any manner capable of being so actuated and shall include e-mail and or other data transmission services;
“executed”	includes any mode of execution;
“Executive Director”	an Executive Chairman, Chief Executive Director, Managing Director, Joint Managing Director or Assistant Managing Director of the Company or a Director who is the holder of any other employment or executive office with the Company;
“held”	in relation to shares, the shares entered in the Register as being held by a Member and term “ holder ” shall be construed accordingly;
“Member”	a member of the Company;
“month”	calendar month;
“Office”	the registered office of the Company from time to time;
“paid up”	paid up or credited as paid up and includes any sum paid by way of premium;
“person”	individuals, bodies corporate and all other legal persons;
“present in person”	in the case of an individual, that individual or his lawfully appointed attorney being present in person and, in the case of a corporation, being present by duly authorised representative or lawfully appointed attorney and, in relation to meetings, “ in person ” shall be construed accordingly;
“recognised investment exchange”	the meaning ascribed by section 285 of the Financial Services and Markets Act 2000;
“recognised person”	a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange;
“Register”	the register of Members of the Company;
“Registrars”	the registrars of the Company from time to time;
“Regulations”	the Uncertified Securities Regulations 2001 (SI 2001/3755);
“Relevant Situation”	has the meaning given to it in Article 134.1;
“relevant system”	a relevant system as referred to in the Regulations to include Crest;
“Seal”	the common seal of the Company or any official seal that the Company may be permitted to have under the Companies Acts and these Articles;
“Secretary”	any person appointed by the Board to perform any of the duties of company secretary and includes a joint, deputy or assistant secretary;
“Stock Exchange”	the London Stock Exchange Plc or any successor body carrying on its functions;
“these Articles”	these articles of association in their present form as altered from time to time;
“United Kingdom”	Great Britain and Northern Ireland.

KRYSO RESOURCES PLC

Articles of Association (continued)

2.2 Interpretation

In these Articles (except where the context otherwise requires):

- (a) references to persons include natural persons, partnerships, bodies corporate, corporations, associations and other legal entities; use of the singular includes the plural and vice versa; words importing a particular gender do not exclude other genders;
- (b) references to statutory provisions or the provisions of subordinate legislation shall be construed as references to those provisions as respectively amended or re-enacted or as their application is modified by other provisions from time to time and shall include any provisions of which they are re-enactments (whether with or without modification);
- (c) references to ‘writing’ include typewriting, word processing or other electronic form, printing, lithography, photography and other modes of representing or reproducing words in a legible and non-transitory form and ‘written’ shall be construed accordingly;
- (d) references to a document being “executed” include references to its being executed under hand or under seal or by any other method and, in the case of a communication in electronic form, are to its being authenticated as specified in the 2006 Act or in such manner as approved by the Directors;
- (e) the word ‘including’ shall be deemed to mean ‘including (without limitation)’ and any words following shall not be construed as an exhaustive list or so as to limit the generality of the wording preceding ‘including’;
- (f) any words or expressions defined in the Companies Acts in force at the date when these Articles or any part thereof are adopted shall bear the same meaning in these Articles or such part (as the case may be);
- (g) where for any purpose reference is made to an ordinary resolution of the Company, a special resolution shall also be effective; and
- (h) headings are inserted for convenience only and shall not affect the construction or interpretation of these Articles.

REGISTERED OFFICE

- 3. The Office shall be at such place in England and Wales as the Board shall from time to time appoint.

CAPITAL

Authorised Capital

- 4. The authorised share capital of the Company at the date of the adoption of these Articles is £2,500,000 divided into 250,000,000 Ordinary Shares of 1p each.

Numbering of Shares

- 5. If and for so long as all the issued shares in the capital of the Company or all the issued shares of a particular class are fully paid up and rank *pari passu* for all purposes, then none of those shares shall bear a distinguishing number. In all other cases each share shall bear a distinguishing number.

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Articles of Association (continued)

SHARES

Share rights

6. Subject to the provisions of these Articles and the Companies Acts, and in particular to those conferring rights of redemption, and without prejudice to any special rights conferred on the holders of any shares or class of shares, any shares in the Company may be issued with or have attached to them such preferred, deferred, qualified or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine or, if there has not been any such determination or so far as the same shall not make specific provision, as the Board may determine.

Redeemable Shares

7. Subject to the Companies Acts, any shares may, with the sanction of a special resolution, be issued on terms that they are, or at the option of the Company or the holder are liable, to be redeemed. Subject as aforesaid, the terms and manner of redemption shall be provided for by special resolution passed before the issue of such shares.

Share warrants to bearer

- 8.1 The Board may issue share warrants to bearer in respect of any fully paid shares under the Seal or in any other manner authorised by the Board. Any share while represented by such warrant shall be transferable by delivery of the warrant relating to it. In any case in which a warrant is so issued, the Board may provide for the payment of dividends or other moneys on the shares represented by the warrant by coupons or otherwise. The Board may decide, either generally or in any particular case, that any signature on a warrant may be applied by mechanical means or printed on it or that the warrant need not be signed by any person.

Conditions of issue of share warrants

- 8.2 The Board may determine, and from time to time vary, the conditions on which share warrants to bearer shall be issued and, in particular, the conditions on which:
- (a) a new warrant or coupon shall be issued in place of one worn-out, defaced, lost or destroyed (but no new warrant shall be issued unless the Company is satisfied beyond reasonable doubt that the original has been destroyed); or
 - (b) the bearer shall be entitled to attend and vote at general meetings; or
 - (c) a warrant may be surrendered and the name of the bearer entered in the Register in respect of the shares specified in the warrant.

The bearer of such a warrant shall be subject to the conditions for the time being in force in relation to the warrant, whether made before or after the issue of the warrant. Subject to those conditions and to the provisions of the Companies Acts, the bearer shall be deemed to be a Member and shall have the same rights and privileges as he would have if his name had been included in the Register as the holder of the shares comprised in the warrant,

Method of varying rights

9. Subject to the Companies Acts and the terms of their issue, all or any of the rights and restrictions for the time being attached to any class of shares for the time being issued may from time to time by a special resolution passed at a separate meeting of the holders of the relevant class of shares in accordance with the Companies Acts.

KRYSO RESOURCES PLC

Articles of Association (continued)

When rights deemed to be varied

10. The rights conferred upon the holders of any shares or class of shares shall be deemed to be varied or abrogated by the reduction of the capital paid up on such shares or by the allotment of further shares ranking in priority to them for payment of a dividend or repayment of capital but shall not, unless otherwise expressly provided in these Articles or the rights attaching to, or the terms of issue of, such shares, be deemed to be varied or abrogated by:
 - (a) the creation or issue of further shares ranking *pari passu* with them or subsequent to them save as to the date from which such new shares shall rank for dividends; or
 - (b) subject to Article 6, a purchase by the Company of its own shares.

Residual allotment powers over shares

11. Subject to the provisions of the Companies Acts and these Articles relating to authority, pre-emption rights or otherwise and of any resolutions of the Company in general meeting, the unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may determine.

Commissions

12. The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the Companies Acts as consideration for subscribing or agreeing to subscribe (whether absolutely or conditionally), or procuring or agreeing to procure, subscriptions (whether absolute or conditional) for shares. The commissions and brokerage may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other.

Trusts not recognised

13. Except as ordered by a Court of competent jurisdiction or as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or required in any way to recognise (even when having notice of it) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as otherwise provided by these Articles or by law) any other right in respect of any share except an absolute right to the entirety of it in the registered holder.

Members' rights to share certificates

14. Every Member (other than a recognised person or a holder of shares in respect of which the Company is not by law required to complete and have ready for delivery a certificate) on becoming the holder of any shares shall be entitled, without payment, to receive within one month after allotment and within five business days of lodgement of a duly stamped (or adjudicated as exempt from stamp duty) transfer (unless the conditions of issue provide for a longer interval) one certificate for all such shares of any one class or, upon payment of such reasonable out-of-pocket expenses as the Board may from time to time determine for every certificate after the first, several certificates each for one or more of such shares of such class. In the case of a share held jointly by several persons, delivery of a certificate to one of several joint holders shall be sufficient delivery to all. A Member (other than a recognised person) who has transferred part of the shares comprised in his registered holding shall be entitled to a certificate for the balance without charge. Every certificate shall specify the shares to which it relates and the amount paid up on them. A certificate shall be issued within one month after the date of expiration of any right of renunciation

KRYSO RESOURCES PLC

Articles of Association (continued)

(or within such other period as the terms of allotment provide) or (in the case of the transfer of shares) within ten business days after the lodgement with the Registrar of the transfer, not being a transfer which the Company is entitled to refuse to register and does not register.

Replacement certificates

15. If a share certificate is defaced, worn out, lost or destroyed it may be replaced without fee, but on such terms (if any) as to evidence and indemnity and to payment of any exceptional out-of-pocket expenses of the Company in investigating such evidence and preparing such indemnity as the Board may think fit and, in case of defacement or wearing out, on delivery up of the old certificate to the Company.

Certificates to be issued under seal

16. All forms of certificate for share or loan capital or other securities of the Company (other than letters of allotment, scrip certificates and other like documents) shall be issued under the Seal or in such other manner as the Board may authorise. The Board may by resolution determine, either generally or in any particular case or cases, that any signatures on any such certificate need not be autographic but may be affixed to such certificate by some mechanical or electronic means or may be printed on it or that such certificate need not be signed by any person.

Shares held in uncertificated form

- 17.1 The Company may issue shares which may be held, evidenced and transferred through a relevant system in uncertificated form. Where any share is held in uncertificated form, the Company shall not issue, and no person shall be entitled to receive, a certificate in respect of such share at any time and for so long as the title to that share is evidenced otherwise than by a certificate, and transfers may be made otherwise than by a written instrument by virtue of the Regulations. Title to shares in issue at the date of adoption of these Articles may be transferred and evidenced by a relevant system.
- 17.2 The Board shall have power to implement any arrangements as they may, in their absolute discretion, think fit in relation to the evidencing and transfer of shares held in uncertificated form (subject always to the Regulations and the facilities and requirements of the relevant system concerned).
- 17.3 Conversion of shares held in certificated form into shares held in uncertificated form, and vice versa, may be made in such manner as the Board may, in its absolute discretion, think fit (subject always to the Regulations and the facilities and requirements of the relevant system concerned).
- 17.4 The Company shall enter on the Register how many shares are held by each Member in uncertificated form and in certificated form and shall maintain the Register in each case as is required by the Regulations and the relevant system concerned.
- 17.5 Notwithstanding any provision of these Articles, a class of shares shall not be treated as two classes by virtue only of that class comprising both certificated shares and uncertificated shares or as a result of any provision of these Articles or the Regulations which apply only in respect of certificated or uncertificated shares.
- 17.6 The provisions of Articles 14, 15 and 16 shall not apply to uncertificated shares.

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Articles of Association (continued)

- 17.7 Any provision in these Articles in relation to the shares shall not apply to any uncertificated shares to the extent that they are inconsistent with the holding of any shares in uncertificated form, the transfer of title to any shares by means of a relevant system and any provision of the Regulations.

LIEN

Company to have lien on shares

18. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all amounts payable (whether presently or otherwise) in respect of such share and the Company shall also have a lien on all shares (other than fully paid shares) standing registered in the name of a sole holder (or the personal representatives of a deceased sole holder) for all sums payable by him or his estate to the Company. The Company's lien on a share shall extend to all dividends and other moneys payable and distribution of assets attributable to or in respect of it. The Board may at any time either generally or in any particular case waive any lien that has arisen, or declare any share to be wholly or in part exempt from the provisions of this Article.

Enforcement of lien by sale

19. The Company may sell, in such manner as the Board may think fit (for which purposes the Board may authorise the conversion of shares to be sold which are certificated shares into uncertificated shares, and vice versa so far as is consistent with the facilities and requirements of the relevant system concerned), any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen clear days after a notice, stating and demanding payment of the sum presently payable and giving notice of the intention to sell in default of such payment, has been served on the holder for the time being of the share or the persons (if any) entitled to the share by reason of his death or bankruptcy.

Application of proceeds of sale

20. The net proceeds of the sale by the Company of any share on which it has a lien shall be applied in or towards payment or discharge of the debt or liability in respect of which the lien exists so far as the same is presently payable, and any residue shall (upon surrender to the Company for cancellation of the certificate for the share sold and subject to a like lien for debts or liabilities not presently payable as existed upon the share or were payable by a single holder (or his personal representatives) to the Company prior to sale) be paid to the holder immediately before such sale of the share. For giving effect to any such sale the Board may authorise some person to transfer the share sold to, or in accordance with the directions of its purchaser. The transferee shall be registered as the holder of the share and he shall not be bound to see to the application of the purchase money, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the sale.

CALLS ON SHARES

Power to make calls

21. Subject to the provisions of these Articles and to the terms of allotment of shares, the Board may from time to time make calls upon the Members in respect of any money unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium) and not by the terms of issue of the shares made payable at a date fixed by or in accordance with such terms of issue. Each Member shall (subject to the Company serving upon him at least fourteen clear days' notice specifying the time or times and place of payment) pay to the Company at the time or times so specified the amount called on his shares. A call may be wholly or partly revoked or postponed, as the Board may determine. A Member shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect whereof the call was made.

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Articles of Association (continued)

Time when call made

22. A call may be made payable by instalments and shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed.

Liability of joint holders

23. The joint holders of a share shall be jointly and severally liable to pay all calls in respect of such share.

Interest and costs payable

24. If a sum called in respect of a share is not paid on or before the day appointed for payment of it, the person from whom the sum is due shall pay:
- (a) all costs, charges and other expenses incurred by the Company as a result of the non-payment, and
 - (b) interest on the sum from the day appointed for payment of it to the day of actual payment at such rate, not exceeding (unless the Company by ordinary resolution shall otherwise direct) two per cent per annum above the base rate for the time being of Barclays Bank plc, or such lower rate as the Board may determine,

but the Board shall be at liberty to waive payment wholly or in part.

Suspension of rights while calls unpaid

25. No Member shall be entitled to receive any dividend or other payment or distribution or to be present or vote at any meeting or upon a poll, or to exercise any privilege as a Member, until he shall have paid all calls for the time being due and payable on every share held by him whether alone or jointly with any other person, together with interest and expenses (if any).

Deemed calls

26. Any sum which, by the terms of issue of a share, becomes payable on allotment or at any date fixed by or in accordance with the terms of issue, whether on account of the nominal amount of the share or by way of premium, shall for all the purposes of these Articles be deemed to be a call duly made, notified and payable on the date on which, by the terms of issue, it becomes payable and, in case of non-payment, all the relevant provisions of these Articles as to payment of costs, charges, expenses, interest, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

Differentiation on calls

27. The Board may on the issue of shares differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.

Payment of calls in advance

28. The Board may, if it thinks fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon any shares held by him, and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate, as may be agreed upon between the Board and the Member paying such sum in advance. No part of any such advance shall be taken into account in ascertaining the amount of the dividends payable on the shares.

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Articles of Association (continued)

FORFEITURE AND SURRENDER OF SHARES

Notice requiring payment of call

29. If a Member or a person entitled to a share by transmission fails to pay any call or instalment of a call on the day appointed for payment, the Board may at any time thereafter, during such time as any part of such call or instalment remains unpaid, serve a notice on the person from whom the payment is due requiring payment of so much of the call or instalment as is unpaid, together with any interest at such rate not exceeding two per cent per annum above the base rate for the time being of Barclays Bank Plc or such lower rate as the Board may determine, which may have accrued, and any expenses incurred by the Company by reason of such non-payment.

Further date for compliance

30. The notice shall name a further day (not being less than fourteen clear days from the date of the notice) on or before which, and the place where, the payment required by the notice is to be made and shall state that in the event of non-payment on or before the day and at the place appointed, the share in respect of which such call was made or instalment is payable will be liable to be forfeited.

Forfeiture for non-compliance

31. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect of them has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared and other moneys payable in respect of the forfeited share and not paid before the forfeiture.

Notice of forfeiture to be served

32. When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share or the person entitled to the share by transmission (as the case may be); and an entry to the effect that such notice has been given, and of the forfeiture, with the date shall forthwith be made in the Register against the entry of the share; but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry.

Sale of forfeited shares

33. Until cancelled in accordance with the requirements of the Companies Acts, a forfeited share shall be deemed to be the property of the Company and may, subject to the provisions of the Companies Acts, be sold, re-allotted or otherwise disposed of either to the person who was, before forfeiture, the holder or otherwise entitled to it or to any other person upon such terms and in such manner as the Board shall think fit. At any time before a sale, re-allotment or other disposition the forfeiture may be annulled by the Board on the payment of all calls and interest due on such calls and all expenses incurred in respect of the share, or on compliance with the terms of any notice served under section 793 of the 2006 Act, as appropriate, and on such terms (if any) as the Board may think fit. If the share is not sold within three years of the date of forfeiture, it shall be cancelled and the amount of the share capital shall be diminished by the nominal value of the share.

Liability following forfeiture

34. A person any of whose shares have been forfeited shall thereupon cease to be a Member in respect of the forfeited shares and shall surrender to the Company for cancellation the certificate for the shares forfeited but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect

KRYSO RESOURCES PLC

Articles of Association (continued)

of the shares, with interest thereon at such rate not exceeding two per cent per annum above the base rate for the time being of Barclays Bank plc, or such lower rate, as the Board may determine, from the date of forfeiture until payment and to satisfy all (if any) claims and demands which the Company might have enforced in respect of the shares at the time of forfeiture or surrender. The Company may enforce payment without being under any obligation to make any allowance for the value of the shares forfeited or for any consideration received on their disposal.

Evidence of Forfeiture

35. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited on the date stated in that declaration shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share. Such declaration, together with the receipt of the Company for the consideration (if any) given for the share on its sale or disposition and, in the case of certificated shares, a certificate for the share delivered to the person to whom the share is sold or disposed of, shall constitute good title to the share. The Company may receive the consideration (if any) given for the share on its sale, re-allotment or other disposition and the Board may authorise some person to transfer the share to the person to whom the same is sold, re-allotted or disposed of, and the latter shall thereupon be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any), nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, sale, re-allotment or disposal of the share. The person who becomes registered as the holder of the share shall be discharged from all calls made before such sale, re-allotment or disposal of the share.

Extinction of rights

36. The forfeiture of a share shall involve the extinction at the time of forfeiture of all interest in and all claims and demands against the Company in respect of the share and of all sums then paid up on it and all other rights and liabilities incidental to the share as between the person whose share is forfeited and the Company, except only such of those rights and liabilities as are by these Articles expressly saved, or as are by the Companies Acts given or imposed in the case of past members.

Surrender

37. The Board may accept the surrender of any share liable to be forfeited and, in such case, references in these Articles to forfeiture shall include surrender.

TRANSFER OF SHARES

Form and execution of transfer of certificated shares

38. Subject to such of the restrictions of these Articles as may be applicable, any Member may transfer all or any of his shares, in the case of certificated shares, by an instrument of transfer in the usual common form or in any other manner (whether or not by written instrument) which the Board may approve. Any written instrument of transfer of a share shall be signed by or on behalf of the transferor and also (in the case of a partly paid share) the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect of it.

Recognition of renunciation of entitlement

39. The Board may, at any time after the allotment of any share but before any person has been entered in the Register as the holder, recognise a renunciation of the share by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Board may think fit to impose.

KRYSO RESOURCES PLC

Articles of Association (continued)

Transfer of uncertificated shares

40. In the case of uncertificated shares, and subject to the Companies Acts, but notwithstanding any other provision in these Articles, a Member shall be entitled to transfer his shares and other securities by means of a relevant system.

Closure of the Register

41. The Register may be closed at such times and for such periods as the Board may from time to time determine, not exceeding altogether thirty days in each year, upon notice being given by advertisement in a leading daily newspaper and in such other newspaper (if any) as may be required by the Companies Acts.

Board may decline to register transfer of partly paid share

42. The Board may, without giving any reason, decline to register any transfer of any share which is not a fully paid share providing that any such refusal will not prevent dealings in the shares from taking place on an open and proper basis.

Board may decline to register other transfers

- 43.1 The Board may decline to register a transfer of any share to a person known to be a minor, bankrupt or person who is mentally disordered or a patient for the purpose of any statute relating to mental health.

- 43.2 The Board may also decline to register any transfer unless:-

- (a) any written instrument of transfer, duly stamped, is lodged with the Company at the Office or such other place as the Board may appoint accompanied by the certificate for the shares to which it relates (except in the case of a transfer by a recognised person or a holder of such shares in respect of whom the Company is not required by law to deliver a certificate and to whom a certificate has not been issued in respect of such shares); and
- (b) there is provided such evidence as the Board may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person to do so; and
- (c) any instrument of transfer is in respect of only one class of share; and
- (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four.

Notice of refusal to register

44. If the Board declines to register a transfer it shall, within ten business days or such other period (if any) as may be prescribed by the Companies Acts, send to the transferee notice of the refusal.

No fee payable on registration

45. No fee shall be charged by the Company for registering any transfer, probate, letters of administration, certificate of death or marriage, power of attorney, distringas or stop notice, order of court or other instrument relating to or affecting the title of any share, or otherwise making any entry in the Register relating to any share.

KRYSO RESOURCES PLC

Articles of Association (continued)

Retention of transfers

46. The Company may retain an instrument of transfer which is registered, but a transfer which the Directors refuse to register shall (except in the case of known or suspected fraud) be returned to the person lodging it when notice of the refusal is given.

TRANSMISSION OF SHARES

Transmission

47. In the case of the death of a Member, the survivor or survivors, where the deceased was a joint holder, and the executors or administrators of the deceased, where he was sole holder, or only surviving holder, shall be the only persons recognised by the Company as having any title to his shares; but nothing in these Articles shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him solely or jointly with other persons.

Election to be registered

48. Subject to the provisions of these Articles, any person becoming entitled to a share in consequence of the death or bankruptcy of a Member or otherwise by operation of law may, subject as hereinafter provided and upon such evidence being produced as may from time to time be required by the Board as to his entitlement (and in the case of uncertificated shares, subject also to the facilities and requirements of the relevant system concerned), either be registered himself as the holder of the share or elect to have some person nominated by him registered as the transferee of it. If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he elects to have his nominee registered, he shall signify his election either:-
- (a) by signing an instrument of transfer of the share in favour of his nominee; or
 - (b) in any other manner (whether or not by written instrument) as the Board may approve.

All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or instrument of transfer as if the death or bankruptcy of the Member or other event giving rise to the transmission had not occurred and the notice or instrument of transfer were an instrument of transfer signed by such Member.

Elections required

49. The Board may at any time give notice requiring any person becoming entitled as provided in Article 48 to elect either to be registered himself or to transfer the share and if the notice is not complied with within ninety days the Board may thereafter withhold payment of all dividends and other moneys payable in respect of the share until the requirements of the notice have been complied with.

Rights of persons entitled by transmission

50. A person becoming entitled to a share in consequence of the death or bankruptcy of a Member or otherwise by operation of law shall (upon such evidence being produced as may from time to time be required by the Board as to his entitlement) be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the share, but, subject to the provisions of Article 48, he shall not be entitled in respect of the share to receive notices of or to attend or vote at general meetings of the Company or, save as aforesaid, to exercise in respect of the share any of the rights or privileges of a Member until he shall have become registered as the holder thereof.

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Articles of Association (continued)

ALTERATION OF SHARE CAPITAL

Increase of Capital

- 51.1 Without prejudice to the rights attached to any then existing shares or class of shares the Company may from time to time by ordinary resolution increase its capital by the creation of shares of such nominal amounts, and carrying such rights and restrictions in accordance with Article 6 as the resolution shall specify, but unless the shares so created are uniform in all respects with a class of shares in the capital of the Company prior to such resolution, such new shares shall be subject to all the provisions of these Articles with reference to lien, the payment of calls, forfeiture, transfer, transmission and otherwise as the shares in the existing share capital.
- 51.2 Subject to the provisions of the Companies Acts, the Company may by resolution increasing its capital direct that the new shares or any of them shall be offered in the first instance to all the holders for the time being of shares of any class or classes in proportion to the number of such shares held by them respectively or may make any other provisions as to the issue of new shares.

Other alterations by ordinary resolution

52. The Company may from time to time by ordinary resolution:-
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (b) subject to the provisions of the Companies Acts, sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association and so that the resolution whereby any share is sub-divided may determine that as between the holders of the shares resulting from such sub-division one or more of the shares may have any such preferred or other special rights over, or may have such deferred or qualified rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares; and
 - (c) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its authorised share capital by the amount of the shares so cancelled.

Fractions arising

53. Subject to compliance with the terms of any such resolution as is referred to in Article 52, if as a result of any consolidation and/or division Members would become entitled to fractions of a share, the Board may, for the purpose of dealing with the fractions, issue fractional certificates or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale in due proportion amongst the Members who would have been entitled to the fractions, or, if permitted, for the retention of such net proceeds for the benefit of the Company. For this purpose the Board may authorise some person to transfer the shares representing fractions to the purchaser, who shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

Board to determine rights on consolidation

- 54.1 Upon any consolidation of fully paid shares into shares of larger amounts, the Board may settle any difficulty which may arise as it thinks expedient and in particular (but without prejudice to the generality of the foregoing) may:

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Articles of Association (continued)

- (a) as between the holders of shares to be consolidated, determine which particular shares are to be consolidated into each consolidated share; and
- (b) in the case of any share registered in the name of one holder or joint holders being consolidated with shares registered in the name of another holder or joint holders, make such arrangements as may be thought fit for the sale of the consolidated share or any fractions of that share, and for such purpose may appoint some person to transfer the consolidated share to the purchaser and arrange either for the distribution among the persons entitled thereto of the net proceeds of such sale after deduction of the expenses of sale or (when such net proceeds in respect of any holding do not exceed £3 or such greater sum as may be permitted from time to time by the London Stock Exchange) for the payment of such net proceeds to the Company.

The transferee shall not be bound to see to the application of the purchase monies nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

- 54.2 Provided that the necessary unissued shares are available, the Board may alternatively, in each case where the number of shares held by any holder is not an exact multiple of the number of shares to be consolidated into a single share, issue to each such holder credited as fully paid up by way of capitalisation the minimum number of shares required to round up his holding to such a multiple (such issue being deemed to have been effected immediately prior to consolidation), and the amount required to pay up such shares shall be appropriated at its discretion from any of the sums standing to the credit of any of the Company's reserve accounts (including share premium account and capital redemption reserve) or to the credit of profit and loss account and capitalised by applying the same in paying up such shares.

Power to reduce capital

55. The Company may reduce its share capital in accordance with the Companies Acts.

Conversion of shares into stock

56. The Company may from time to time by ordinary resolution convert any fully paid up shares into stock and may reconvert any stock into fully paid up shares of any denomination. After the passing of any resolution converting all the fully paid up shares of any class in the capital of the Company into stock any shares of that class which subsequently become fully paid up and rank *pari passu* in all other respects with such shares shall, by virtue of this Article and such resolution, be converted into stock transferable in the same units as the shares already converted.

Stock transferable like shares

57. The holders of stock may transfer the stock or any part of it in the same manner and subject to the same regulations as the shares from which the stock arose might previously to conversion have been transferred, or as near thereto as circumstances admit. The Board may from time to time fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of such minimum, but the minimum shall not, without the sanction of an ordinary resolution of the Company, exceed the nominal amount of each of the shares from which the stock arose.

Rights of stockholders

58. The holders of stock shall, according to the amount of stock held by them, have the same rights as regards dividends, voting at general meetings of the Company and other matters as if they held the shares from which the stock arose, but no such right (except as to participation in dividends and

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Articles of Association (continued)

in assets on a reduction of capital or a winding-up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such right.

Provisions of Articles applying to stock

59. All such of the provisions of these Articles as are applicable to paid up shares shall apply to stock, and the words “share” and “shareholder” where used in these Articles shall include “stock” and “stockholder” respectively.

PURCHASE OF OWN SHARES

Power to purchase own shares

60. Subject to the provisions of the Companies Acts, the Company may purchase all or any of its shares of any class, including any redeemable shares. Every contract for the purchase of, or under which the Company may become entitled or obliged to purchase, shares in the Company shall be authorised by such resolution of the Company as may be required by the Companies Acts and by a special resolution passed at a separate general meeting of the holders of any shares which at the date on which the contract is authorised by the Company in general meeting entitle them, either immediately or at any time later on, to convert all or any of the shares of that class held by them into equity share capital of the Company.

Shares to be purchased need not be related

61. Neither the Company nor the Board shall be required to select the shares to be purchased rateably or in any particular manner as between the holders of shares of the same class or as between them as the holders of shares of any class or in accordance with the rights as to dividends or capital conferred by any class of shares.

GENERAL MEETINGS

Types of general meeting

62. The Board shall convene and the Company shall hold general meetings and annual general meetings in accordance with the requirements of the Companies Acts at such times and places as the Board shall appoint. Any general meeting of the Company other than an annual general meeting shall be called a general meeting.

Convening general meetings

63. The Board may, whenever it thinks fit, convene a general meeting. General meetings may also be convened on such requisition or in default may be convened by such requisition as is provided by the Companies Acts. If there are not within the United Kingdom sufficient Directors to call a general meeting, any Director or Member may call the meeting. In the case of a general meeting called in pursuance of a requisition, unless such meeting shall have been called by the Board, no business other than that stated in the requisition as the object of the meeting shall be transacted.

Class Meetings

64. The provisions of these Articles relating to general meetings apply to every separate general meeting of the holders of any class of shares in the capital of the Company but:
- (a) the quorum is two members present in person or by proxy and representing not less than one-third in nominal value of the issued shares of the class;
 - (b) if at any adjourned meeting of such holders such a quorum is not present one holder of shares of the class present in person or by proxy whatever the amount of his holding shall be deemed to constitute a quorum and a meeting;

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Articles of Association (continued)

- (c) at the meeting, a holder of shares of the class present in person or by proxy may demand a poll;
- (d) on a poll every holder of shares of the class shall be entitled to one vote for every share of the class held by him.

NOTICE OF GENERAL MEETINGS

Period of notice

65. An annual general meeting shall be called by not less than twenty-one clear days' notice in writing. A meeting other than an annual general meeting be called by not less than fourteen days' clear notice in writing.

Recipients of notice

66. Subject to the provisions of the Companies Acts, notice of every general meeting shall be given to all Members other than those who, under the provisions of these Articles or the terms of issue of the shares which they hold, are not entitled to receive such notices from the Company, and also to the Auditors.

Contents of notice

67. The notice shall specify the place, day and time of the meeting, and the general nature of the business, and include details of any arrangements made for the purposes of Articles 71 and 72 (making clear in the case of the latter that participation in those arrangements will not amount to attendance at the meeting to which the notice relates. There shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint one or more proxies to attend and on a poll to vote instead of him, and that a proxy need not be a Member.

Contents of notice – additional requirements

68. The notice convening an annual general meeting shall specify the meeting as such. The notice convening a meeting to pass a special resolution, shall specify the intention to propose the resolution as a special resolution, as the case may be.

Meeting called on short notice

69. Notwithstanding that a meeting of the Company is called by shorter notice than that specified in Article 65, it shall be deemed to have been duly called if it is so agreed:
- (a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote at the meeting; and
 - (b) in the case of any other meeting, by a majority in number of the Members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

Accidental omission to give notice

70. The accidental omission to give notice of a meeting, or in cases where instruments of proxy are sent out with the notice the accidental omission to send such instrument of proxy to, or the non-receipt of notice of a meeting or such instrument of proxy by, any person entitled to receive such notice, shall not invalidate the proceedings at that meeting.

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Articles of Association (continued)

General meetings at more than one place

71.1 The Board may resolve to enable persons entitled to attend a general meeting to do so by simultaneous attendance and participation at a satellite meeting place anywhere in the world. The Members present in person or by proxy at satellite meeting places shall be counted in the quorum for, and entitled to vote at, the general meeting in question, and that meeting shall be duly constituted and its proceedings valid if the chairman of the meeting is satisfied that adequate facilities are available throughout the meeting to ensure that Members attending at all the meeting places are able to:

- (a) participate in the business for which the meeting has been convened;
- (b) hear and see all persons who speak (whether by the use of microphones, loudspeakers, audio-visual communications equipment or otherwise) in the principal meeting place and any satellite meeting place; and
- (c) be heard and seen by all other persons so present in the same way.

71.2 The chairman of the general meeting shall be present at, and the meeting shall be deemed to take place at, the principal meeting place.

71.3 For the purposes of this Article, the right of a Member to participate in the business of any general meeting shall include without limitation the right to speak, vote on a show of hands, vote on a poll, be represented by a proxy and have access to all documents which are required by the Companies Acts or these Articles to be made available at the meeting.

Other arrangements for viewing/hearing proceedings

72. The Board may make arrangements for persons entitled to attend a general meeting or an adjourned general meeting to be able to view and hear the proceedings of the general meeting or adjourned general meeting and to speak at the meeting (whether by the use of microphones, loudspeakers, audio-visual communications equipment or otherwise) by attending at a venue anywhere in the world not being a satellite meeting place. Those attending at any such venue shall not be regarded as present at the general meeting or adjourned general meeting and shall not be entitled to vote at the meeting at or from that venue. The inability for any reason of any Member present in person or by proxy at such a venue to view or hear all or any of the proceedings of the meeting or to speak at the meeting shall not in any way affect the validity of the proceedings of the meeting.

Controlling level of attendance

73. The Board may from time to time make any arrangements for controlling the level of attendance at any venue for which arrangements have been made pursuant to Article 72 (including without limitation the issue of tickets or the imposition of some other means of selection) it in its absolute discretion considers appropriate, and may from time to time change those arrangements. If a Member, pursuant to those arrangements, is not entitled to attend in person or by proxy at a particular venue, he shall be entitled to attend in person or by proxy at any other venue for which arrangements have been made pursuant to Article 72. The entitlement of any member to be present at such venue in person or by proxy shall be subject to any such arrangement then in force and stated by the notice of meeting or adjourned meeting to apply to the meeting.

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Articles of Association (continued)

Change in place and/or time of meeting

74. If, after the sending of notice of a general meeting but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Board decides that it is impracticable or unreasonable for a reason beyond its control to hold the meeting at the declared place (or any of the declared places, in the case of a meeting to which Article 71 applies) and/or time, it may change the place (or any of the places, in the case of a meeting to which Article 71 applies) and/or postpone the time at which the meeting is to be held. If such a decision is made, the Board may then change the place (or any of the places, in the case of a meeting to which Article 71 applies) and/or postpone the time again if it decides that it is reasonable to do so. In either case:
- (a) no new notice of the meeting need be sent, but the Board shall, if practicable, advertise the date, time and place of the meeting in at least two newspapers having a national circulation and shall make arrangements for notices of the change of place and/or postponement to appear at the original place and/or at the original time; and
 - (b) a proxy appointment in relation to the meeting may, if by means of an instrument, be delivered to the Office or to such other place within the United Kingdom as may be specified by or on behalf of the Company in accordance with Article 95 at any time not less than 48 hours before any postponed time appointed for holding the meeting.

PROCEEDINGS AT GENERAL MEETINGS

Quorum

75. No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman which shall not be treated as part of the business of the meeting. Save as otherwise provided by these Articles, at least two Members present in person or by proxy and entitled to vote shall be a quorum for all purposes.

If quorum not present

76. If within fifteen minutes (or such longer time not exceeding one hour as the chairman of the meeting may determine to wait) after the time appointed for the meeting a quorum is not present or if during the meeting a quorum ceases to be present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to such other day (not being less than seven days thereafter) and at such time or place as the chairman of the meeting may determine. If at the adjourned meeting a quorum is not present within fifteen minutes from the time appointed for the meeting, or if during the meeting a quorum ceases to be present the meeting shall be dissolved. The Company shall give not less than seven days' notice in writing of any meeting adjourned through want of a quorum and such notice shall state that two Members present in person or by proxy and entitled to vote shall be a quorum.

Directors entitled to speak

77. Each Director shall be entitled to attend and speak at any general meeting of the Company even if not a Member.

Chairman of the meeting

78. The Chairman (if any) of the Board or, in his absence, a Deputy Chairman (if any) shall preside as chairman at every general meeting. If there is no such Chairman or Deputy Chairman, or if at any meeting neither the Chairman nor a Deputy Chairman is present within fifteen minutes after the time appointed for holding the meeting, or if neither of them is willing to act as chairman, the

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Articles of Association (continued)

Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, the persons present and entitled to vote on a poll shall elect one of their number to be chairman.

Power of chairman to adjourn

79. The chairman may, with the consent of the meeting at which a quorum is present (and shall, if directed by the meeting to do so), adjourn the meeting either indefinitely or to another time or place. The chairman may also, without the consent of the meeting, adjourn the meeting (whether or not it has commenced or is quorate) either indefinitely or to such other time and place as he or the Directors decide if it appears to him that:
- (a) adequate facilities are not available to accommodate the number of persons wishing to attend in the place appointed for the meeting; or
 - (b) the unruly conduct of persons attending the meeting prevents or is likely to prevent the orderly holding or continuation of the meeting; or
 - (c) an adjournment is otherwise necessary for the business of the meeting to be conducted properly; or
 - (d) a proposal of such importance is made that the consideration of a larger number of members is desirable.

Notice of adjourned meeting

80. When a meeting is adjourned for thirty days or more or for an indefinite period, not less than seven clear days' notice of the adjourned meeting shall be given as in the case of an original meeting save that it shall not be necessary to specify the business to be transacted. Save as expressly provided in Article 76, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

Inadequate accommodation – chairman's powers

81. Without prejudice to his powers under Article 79, if the chairman considers that the place specified in the notice convening the meeting is inadequate to accommodate all those entitled and wishing to attend, the meeting shall nevertheless be duly constituted and its proceedings valid provided that the chairman is satisfied that adequate facilities are nevertheless available to ensure that persons entitled to be present but who cannot be accommodated are able to participate in the business of the meeting and to see and hear all persons present who speak (whether by the use of microphones, loud-speakers, audio visual communications equipment or otherwise), whether in the meeting place or elsewhere, and to be seen and heard by all other persons in the same manner.

The meeting shall be treated for the purposes of this Article as having taken place at the meeting place specified in the notice.

Right to vote

82. Save as otherwise provided in these Articles and subject to any special terms as to voting upon which any shares may be issued or may for the time being be held at a general meeting, on a show of hands every Member who is present in person and is entitled to vote in his own right and the duly authorised representative of one or more corporations shall have one vote, and on a poll every

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Articles of Association (continued)

Member who is present in person or by proxy shall have one vote for each share of which he is the holder.

Member under incapacity

83. A Member who is a patient for any purpose of any statute relating to mental health or in respect of whom an order has been made by any Court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may if so permitted by the Board in its absolute discretion vote, whether on a show of hands or on a poll, by his receiver, committee, curator bonis or other person authorised in that behalf by the Court, and such receiver, committee, curator bonis or other authorised person may vote on a poll by proxy, and may otherwise act and be treated as such Member for the purposes of any general meeting, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the Office (or at such other place in the United Kingdom as may be specified for the delivery of instruments of proxy in the notice convening the meeting or other document sent therewith) not less than forty-eight hours before the time appointed for holding the meeting or adjourned meeting or for the taking of the poll at which it is desired to vote.

Calls on shares to have been paid

84. No Member shall, unless the Board otherwise determines, be entitled to vote at any general meeting or meeting of the holders of any class of shares in the capital of the Company either in person or by proxy or to be reckoned in a quorum or to exercise any other right conferred by membership in relation to meetings of the Company or of the holders of any class of shares in the Company unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

Irregularity in voting

85. If:
- (a) any objection is raised to the qualification of any voter, or
 - (b) any votes have been counted which ought not to have been counted or which might have been rejected, or
 - (c) any votes are not counted which ought to have been counted,

the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless the same is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote was objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be final and conclusive.

VOTES OF MEMBERS

Methods of voting

86. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is duly demanded before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll. Subject to the provisions of the Companies Acts, a poll may be demanded by:

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Articles of Association (continued)

- (a) the chairman of the meeting; or
- (b) at least three Members present in person or by proxy and entitled to attend and vote at the meeting; or
- (c) any Member or Members present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all Members having the right to attend and vote at the meeting; or
- (d) any Member or Members present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sums paid up on all shares conferring that right.

Declaration of result

87. Unless a poll is duly demanded (and the demand is not withdrawn before the poll is taken) a declaration by the chairman that a resolution has, on a show of hands, been carried or carried unanimously or by a particular majority or not carried by a particular majority or lost shall be final and conclusive, and an entry to that effect in the minute book of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against such resolution.

Amendments to resolutions

88. In the case of a resolution duly proposed as a special or extraordinary resolution, no amendment (other than an amendment to correct a patent error) may be considered or voted on. In the case of a resolution duly proposed as an ordinary resolution, no amendment (other than an amendment to correct a patent error) may be considered or voted on unless at least forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting at which the resolution is to be proposed notice of the terms of the amendment and of the intention to move it has been lodged at the Office. If an amendment is proposed to a resolution under consideration which in good faith is ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by an error in the ruling.

Conduct of poll

89. If a poll is duly demanded, it shall be taken in such manner as the chairman directs. The chairman may, and if required to do so by the meeting shall, appoint scrutineers (who need not be Members) and may fix a time and place for declaring the result of the poll which shall be deemed to be the resolution of the meeting at which the poll was demanded.

When poll to be taken

90. A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken in such manner and either forthwith or at such time (being not later than thirty days after the date of the demand) and place as the chairman shall direct. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded and it may be withdrawn with the consent of the chairman at any time before the close of the meeting or the taking of the poll, whichever is the earlier. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made. It shall not be necessary for notice to be given of a poll which is to be held immediately. Unless the chairman otherwise directs, notice need not be given of a poll which is not taken immediately if the time and place at which it is to be taken are

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Articles of Association (continued)

announced at the meeting at which it is demanded. In any other case, at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.

Method of voting on Poll

91. On a poll votes may be given either personally or by proxy. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

No casting vote of chairman

92. In the case of an equality of votes at a general meeting, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a second or casting vote.

Votes of joint holders

93. In the case of joint holders of a share the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding.

[Reserved]

PROXIES

Execution of proxy appointment

94. The instrument appointing a proxy shall, subject to Article 97, be in writing under the hand of the appointor or of his attorney authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign it. A proxy need not be a Member. An instrument appointing a proxy need not be witnessed.

Delivery of proxy appointment

95. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall:
- (a) be delivered at the Office (or at such other place in the United Kingdom as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent with the notice), not less than forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or
 - (b) in the case of a poll taken more than forty-eight hours after it was demanded, be delivered at the Office (or other specified place) not less than twenty-four hours before the time appointed for the taking of the poll, or
 - (c) where the poll is not taken forthwith but is taken not more than forty-eight hours after it was demanded, be delivered at the meeting at which the poll was demanded to the Chairman or to the Secretary or to any Director,

and in default the instrument of proxy shall not be treated as valid.

Validity of proxy appointment

- 96.1 No instrument appointing a proxy shall be valid after the expiration of twelve months from the date named in it as the date of its execution.

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Articles of Association (continued)

96.2 The instrument of proxy shall, unless the contrary is stated in it, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

96.3 If two or more valid but differing instruments are delivered in respect of the same share for use at the same meeting, the one which is last to be delivered shall be treated as replacing the others in respect of that share. If the Directors cannot readily determine to their satisfaction which was the last to be delivered, they may, in their absolute discretion, determine that any one or none of them shall be treated as valid in respect of the share.

Form of proxy appointment

97.1 Instruments of proxy shall be in any common form or in such other form as the Board may approve and the Board may, if it thinks fit, send out with the notice of any meeting (or separately) physical and/or electronic forms of instrument of proxy for use at the meeting.

97.2 The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of any resolution put to the meeting for which it is given as the proxy thinks fit.

97.3 Notwithstanding any other provision of these Articles the Directors may, but they are not obliged to, accept proxy forms which are delivered electronically or by other data transmission process subject to any limitations, restrictions or conditions that they decide. If so, then any requirements of these Articles that the proxy form be in writing and signed or sealed does not, to the extent the Directors decide, apply but the Directors can require such evidence as they think appropriate to show that the proxy appointment is valid.

Revocation of authority

98. A vote or poll demanded by a proxy or by the duly authorised representative of a corporation given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or incapacity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, incapacity or revocation shall have been received by the Company at the Office (or such other place in the United Kingdom as may be specified for the delivery of instruments of proxy in the notice convening the meeting or any notice of adjournment or, in either case, in any document sent with the notice) three hours at least before the commencement of the meeting or adjourned meeting, or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the taking of the poll, at which the instrument of proxy is used.

CORPORATIONS ACTING BY REPRESENTATIVES

99. Any corporation which is a member of the Company may, by resolution of its directors or other governing body, authorise such person or persons as it thinks fit to act as its representative at any meeting of the Company, or at any meeting of any class of members of the Company, and the person or persons so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company save that a Director, the Secretary or other person authorised for the purpose by the Secretary may require such person to produce a certified copy of the resolution of authorisation before permitting him to exercise his powers. The grantor shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present at it. Where more than one person is authorised to act as a representative by a corporation pursuant to this Article, they can all speak at the meeting and any one of them may exercise any powers which

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Articles of Association (continued)

the shareholder appointing him would have if it were an individual shareholder. However, if they exercise any power in different ways the power shall be treated as if it has not been exercised.

DISCLOSURE OF INTERESTS

Section 793 of the 2006 Act: restrictions if in default

- 100.1 Where any registered holder of any shares in the Company or any named person in respect of any shares in the Company fails to comply with any notice (a “**statutory notice**”) given by the Board in its absolute discretion under section 793 of the 2006 Act requiring him to give particulars of any interest in any such shares, the Company may, no earlier than fourteen days after the service of the statutory notice, give the registered holder of such shares a notice (a “**restriction notice**”) stating or to the effect that in respect of the shares in respect of which the default has occurred (the “**default shares**”) the Member is not entitled, from the service of such restriction notice, to attend or vote (either in person or by proxy) at any general meeting of the Company or at any separate general meeting of the holders of the shares of that class or to exercise any other right conferred by membership in relation to general meetings or meetings of the holders of any class of shares until he has complied with the statutory notice.
- 100.2 For the purposes of this Article “**named person**” means a person named as having an interest in the shares concerned in any response to any statutory notice served on the registered holder or on a person previously so named.

Additional restriction of rights

101. Where the default shares represent at least 0.25 per cent. of the issued shares of a particular class the restriction notice may additionally direct that:
- (a) any dividend payable in respect of the default shares (or any payment up of unpaid amounts in respect of the default shares or shares issued in lieu of dividend in accordance with Article 177) shall be retained (in whole or in part) by the Company until such time as the restriction notice is cancelled or ceases to have effect for any reason without any liability to pay interest thereon when such money is finally paid to the person entitled, and that prior to such time the acceptance of an offer made by the Company under Article 177 in respect of such dividend shall be of no effect; and/or
 - (b) no transfer of the default shares, or of shares which include or might include default shares, shall be registered unless the Member is not himself in default as regards supplying the information required, that the transfer is of part only of the Member’s holding and that when presented for registration it is accompanied by a certificate by the Member to the effect that after due and careful enquiry the Member is satisfied that none of the shares to which the transfer relates is a default share, that no person in default as regards supplying such information is interested in any of the shares which are the subject of the transfer and that the transfer is to a bona fide unconnected third party.

Copy of notice to interested persons

102. The Board shall send a copy of the notice to each other person appearing to be interested in the default shares but any failure or omission to do so shall not invalidate the notice.

When restrictions cease to have effect

103. A restriction notice shall have effect in accordance with its terms for so long as in the opinion of the Board the default in respect of which the restriction notice is served continues and (unless

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Articles of Association (continued)

the Board otherwise determines) for a period of seven days thereafter but may be cancelled by the Board at any time and shall automatically cease to have effect in respect of any share sold:-

- (a) to an offeror by way or in pursuance of acceptance of an offer made to all the holders (or all the holders other than the person making the offer and his nominees) of the shares in the Company to acquire those shares or a specified proportion of them, or to all the holders (or all the holders other than the person making the offer and his nominees) of a particular class of those shares to acquire the shares of that class or a specified proportion of them; or
- (b) in circumstances where the Board is satisfied that the sale is of the whole beneficial ownership of the shares to a party unconnected with the vendor thereof and with other persons appearing to be interested in such shares; or
- (c) when the sale is made through a recognised investment exchange or any stock exchange outside the United Kingdom on which the Company's shares are normally traded seven days after receipt by the Company of notice of such sale or upon registration of the relevant transfer (if earlier).

Section 794 of the 2006 Act

104. Nothing contained in these Articles shall limit the power of the Board under section 794 of the 2006 Act.

NUMBER OF DIRECTORS

Limits on number of directors

105. The Directors shall be not less than two in number and there shall be a maximum number of six Directors.

APPOINTMENT AND REMOVAL OF DIRECTORS

Appointment by the Members

106. Subject to the provisions of these Articles, the Company may by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board.

Eligibility for election

107. No person other than a Director retiring at the meeting shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless, not less than seven and not more than twenty-eight clear days before the day appointed for the meeting, there has been given to the Secretary notice in writing by some Member (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected, accompanied by the particulars to be inserted in the register of Directors were he so appointed.

Separate resolutions required

108. A resolution for the appointment of two or more persons as Directors by a single resolution shall not be moved at any general meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it and any resolution moved in contravention of this provision organised shall be void.

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Removal by the Members

109. The Company may by special resolution, or by ordinary resolution of which special notice has been given in accordance with the Companies Acts, remove any Director before the expiration of his period of office and may (subject to these Articles) by ordinary resolution appoint another person in his place. Any person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.

Appointment by the Board

110. Without prejudice to the power of the Company in general meeting pursuant to any of the provisions of these Articles to appoint any person to be a Director, the Board shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the earlier to occur of the close of the next following annual general meeting and someone being appointed in his place at that meeting. Such a Director shall be eligible for re-election at that meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at the meeting.

Age limits

- 111.1 Subject to the provisions of the Companies Act, a person shall not be appointed as a Director if, at the time when the appointment would take effect, he would have attained the age of 70 or be under the age of 16. A Director shall vacate his office at the conclusion of the annual general meeting of the Company which next follows his attaining the age of 70; but acts done by a person as Director are valid notwithstanding that it is afterwards discovered that, by reason of this Article, he should not have been appointed or his appointment had terminated.
- 111.2 If a person vacates office under Article 111.1, no provision in these Articles for the automatic reappointment of retiring Directors in default of another applies.
- 111.3 Nothing in this Article 111 prevents the appointment of a Director at any age, or requires a Director to retire at any time, if his appointment is or was made or approved by the Company in general meeting; but special notice is required of a resolution appointing or approving the appointment of a Director for it to have effect under this Article 111.3 and the notice of the resolution given to the Company, and by the Company to the Members, must state or have stated the age of the person to whom it relates.
- 111.4 A person re-appointed Director on vacating office under Article 111.1, or appointed in place of a Director who vacates office under Article 111.1, is to be treated, for the purpose of determining the time at which he or any other Director is to retire, as if he had become a Director on the day on which the retiring Director was appointed or last appointed before he vacated office.

No shareholder qualification

112. No shareholding qualification for a Director shall be required but he shall be entitled to receive notice of, attend and speak at all general meetings of the Company and separate meetings of the holders of any class of shares of the Company.

ROTATION OF DIRECTORS

Number of Directors to retire

113. At every annual general meeting one-third of the Directors for the time being or, if their number is not a multiple of three, the number nearest to one-third shall retire from office; and each

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Articles of Association (continued)

Director shall retire from office at least once every three years. If there is only one Director who is subject to retirement by rotation, he shall retire.

Which Directors to retire

114. The Directors to retire on each occasion shall be those subject to retirement by rotation who have been longest in office since their last election, but as between persons who became or were re-elected Directors on the same day those to retire shall (unless they otherwise agree amongst themselves) be determined by lot. The Directors to retire on each occasion (both as to number and identity) shall be determined by the composition of the Board at the date of the notice convening the annual general meeting, and no Director shall be required to retire or be relieved from retiring by reason of any change in the number or identity of the Directors after the date of such notice but before the close of the meeting.

Eligibility for re-election

115. A Director who retires at the annual general meeting shall be eligible for re-election. If he is not re-elected he shall retain office until the meeting appoints someone in his place, or if it does not do so, until the end of the meeting.

Filling vacated office

116. Subject to the provisions of these Articles, the Company may, at the meeting at which a Director retires in manner aforesaid, fill the vacated office by electing some person. In default the retiring Director shall, if willing to continue to act, be deemed to have been re-elected, unless at the meeting it is expressly resolved not to fill the vacated office, or unless a resolution for the re-election of such Director has been put to the meeting and lost, or such Director has given notice in writing to the Company that he is unwilling to be re-elected, or such Director has attained any retiring age applicable to him as Director pursuant to the Companies Acts.

EXECUTIVE DIRECTORS

Appointment to executive office

117. The Board may from time to time appoint one or more of its body to be Executive Chairman, Non Executive Chairman, Chief Executive Director, Joint Chief Executive Director, Managing Director, Joint Managing Director, Assistant Managing Director or Chief Operating Officer or to hold any other employment or executive office with the Company for such period (subject to the Companies Acts) and upon such terms as the Board may determine and may revoke or terminate any of such appointments. Any such revocation or termination as aforesaid shall be without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director for any breach of any contract of service between him and the Company.

Remuneration

118. An Executive Director shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and either in addition to or in lieu of his remuneration as a Director.

Application of retirement by rotation provisions

119. An Executive Director shall not be taken into account in determining the retirement by rotation of Directors, and in all other respects he shall be subject to the same provisions as to removal as the other Directors of the Company. An Executive Director shall (subject to the provisions of any contract between him and the Company) ipso facto and immediately cease to be an Executive Director if he ceases to hold the office of Director for any cause.

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Articles of Association (continued)

DISQUALIFICATION OF DIRECTORS

Automatic vacation of office

120. Without prejudice to the provisions for retirement by rotation contained in any other of these Articles, the office of a Director shall be vacated in any of the events following, namely:
- (a) if (not being an Executive Director whose contract precludes resignation) he resigns his office by notice in writing delivered to the Office or tendered at a meeting of the Board; or
 - (b) if the Board resolves that he is through physical or mental incapacity or mental disorder no longer able to perform the functions of a Director; or
 - (c) if he fails, without leave, to attend (whether or not an alternate Director appointed by him attends) three successive Board meetings or four Board meetings in any consecutive period of 12 months despite a notice being given to him prior to such third or fourth meeting (as the case may be) that the provisions of this paragraph might apply and not less than two-thirds of all the other Directors (excluding the Director concerned and, in his capacity as such, any alternate Director appointed by the Director concerned) resolving that his office should be vacated; or
 - (d) if he becomes bankrupt or a receiving order is made against him or he makes an arrangement or composition with his creditors or applies to the Court for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement; or
 - (e) if he is prohibited by law from being a Director; or
 - (f) if he ceases to be a Director by virtue of the Companies Acts or is removed from office pursuant to these Articles.

Resignation requested by other Directors

121. Without prejudice to any of the other provisions of these Articles regarding the disqualification of Directors retirement by rotation or automatic vacation of office, the office of a Director shall be vacated if by notice in writing delivered to the Office or tendered at a meeting of the Board his resignation is requested by all of the other Directors (being not less than three in number) excluding the Director concerned and, in his capacity as such, any alternate Director appointed by the Director concerned.

Board resolution conclusive

122. A resolution of the Board declaring that a Director has vacated office under any of the provisions of these Articles shall be conclusive as to that fact and as to the ground of vacation as stated in the resolution.

ALTERNATE DIRECTORS

Power to appoint and remove alternates

123. Each Director shall have the power to appoint any person to be his alternate Director and may at his discretion remove such alternate Director. If such alternate Director is not another Director, such appointment, unless previously approved by the Board, shall have effect only upon and subject to it being so approved. Any alternate Director appointed by the Chairman shall chair the meeting(s) at which he is appointed to attend. Any appointment or removal of an

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Articles of Association (continued)

alternate Director shall be effected by notice in writing signed by the appointor and delivered to the Office or tendered at a meeting of the Board.

Authority of alternate

124. An alternate Director shall, if his appointor so requests, be entitled to receive notices of meetings of the Board or of committees of the Board to the same extent as, but in lieu of, the Director appointing him and shall be entitled to such extent to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally at such meeting to exercise and discharge all the functions, powers and duties of his appointor as a Director and for the purposes of the proceedings at such meeting the provisions of these Articles shall apply as if he were a Director.

Alternate not an agent of appointor

125. Every person acting as an alternate Director shall (except as regards power to appoint an alternate Director and remuneration and any requirement to hold a share qualification) be subject in all respects to the provisions of these Articles relating to Directors and shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of or for the Director appointing him.

Remuneration and indemnity

126. An alternate Director may be paid expenses and shall be entitled to be indemnified by the Company to the same extent *mutatis mutandis* as if he were a Director but shall not be entitled to receive from the Company any fee in his capacity as an alternate Director except only such part (if any) of the remuneration otherwise payable to the Director appointing him as such Director may by notice in writing to the Company from time to time direct.

Voting power

127. Every person acting as an alternate Director shall have one vote for each Director for whom he acts as alternate (in addition to his own vote if he is also a Director but he shall not be counted more than once in the quorum). The signature of an alternate Director to any resolution in writing of the Board or a committee of the Board shall, unless the notice of his appointment provides to the contrary, be as effective as the signature of his appointor.

Termination of appointment

128. An alternate Director shall *ipso facto* cease to be an alternate Director if his appointor ceases for any reason to be a Director, provided that, if at any meeting any Director retires by rotation or otherwise but is re-elected at the same meeting, any appointment of an alternate Director made by him which was in force immediately before his retirement shall remain in force as though he had not retired.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

Ordinary remuneration

129. Each of the Directors who does not hold executive office shall be paid a fee at such rate as may from time to time be determined by the Board (or for the avoidance of doubt any duly authorised committee of the Board) provided that the aggregate of all such fees so paid to such Directors (excluding amounts payable under any other Article) shall not exceed £250,000 per annum or such higher amount as may from time to time be determined by ordinary resolution of the Company, except that any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only be entitled to a sum in proportion to the time during the period for which he has held office.

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Articles of Association (continued)

Additional remuneration and expenses

130. Each Director who does not hold executive office may be paid his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board or committees of the Board or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company and shall be paid all expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a Director. Any such Director who, by request, goes or resides abroad for any purposes of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine. Such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other provision of these Articles.

DIRECTORS' INTERESTS

Offices and interests permitted

- 131.1 A Director may hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for doing so (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other of these Articles.
- 131.2 Subject to the provisions of the Companies Acts, a Director may act by himself or his firm in a professional capacity for the Company (otherwise than as Auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
- 131.3 A Director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested, and shall not be liable to account to the Company or the Members for any remuneration, profit or other benefit received by him as a director or officer of or from his interest in such other company. Where such interest constitutes a Relevant Situation, such Relevant Situation shall be deemed to have been authorised pursuant to section 175 of the 2006 Act. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Director may not vote on own appointments

- 132.1 A Director shall not vote or be counted in the quorum on any resolution of the Board concerning his own appointment as the holder of any office or place of profit with the Company or any other company in which the Company is interested (including the arrangement or variation of the terms of the appointment or its termination).
- 132.2 Where arrangements are under consideration concerning the appointment (including the arrangement or variation of its terms, or the termination of it) of two or more Directors to offices or places of profit with the Company or any other company in which the Company is interested, a separate resolution may be put in relation to each Director and in such case each of the Directors concerned shall be entitled to vote (and be counted in the quorum) in respect of each

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Articles of Association (continued)

resolution except that concerning his own appointment (or the arrangement or variation of the terms of the appointment or its termination).

Directors interests

133.1 If a situation arises in which a Director has, or can have, an interest that conflicts, or possibly may conflict, with the interests of the Company (a “Relevant Situation”) the Directors may, for the purposes of section 175 of the 2006 Act, resolve to authorise:

- (a) if a Relevant Situation arises from the appointment or proposed appointment of a person as a Director of the Company, the appointment of the Director and the Relevant Situation, subject to any limits or conditions which the directors may determine; or
- (b) if the Relevant Situation arises in circumstances other than as set out in Article 133.1(a), the Relevant Situation and the continuing performance by the Director of his duties, subject to any limits or conditions which the Directors may determine,

and any such authorisation will be subject only to any limits or conditions which the Directors expressly impose.

133.2 The interested Director, and any other Director with a similar interest, cannot vote, or be counted in the quorum, on a resolution to authorise his interest under Article 133.1.

133.3 Any reference in Article 133.1 to a conflict of interest includes a conflict of interest and duty and a conflict of duties.

133.4 Any limits or conditions determined by the Directors under Article 133.1 may be imposed at the time of authorisation or may be imposed or varied subsequently and may include (without limitation):

- (a) whether the interested Director(s) may vote (or be counted in the quorum at a meeting) in relation to any resolution relating to the Relevant Situation;
- (b) the exclusion of the interested Director(s) from all information and discussion by the company of the Relevant Situation; and
- (c) the imposition of a specific duty of confidentiality for any confidential information of the company relating to the Relevant Situation.

133.5 An interested Director must act in accordance with any limits or obligations imposed by the Directors under Article 133.1.

133.6 Subject to Article 133.2, any authorisation under Article 133.1 shall be dealt with in the same way as any other matter that may be decided by the Directors under these Articles.

133.7 Any authorisation of a Relevant Situation given by the Directors under article 133.1 may provide that, where the interested Director obtains (other than through his position as a director of the Company) information that is confidential to a third party, he will not be obliged to disclose it to the Company or to use it in relation to the Company’s affairs in circumstances where to do so would amount to a breach of that confidence.

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Articles of Association (continued)

133.8 Whilst there is a Relevant Situation, the general duties which the interested Director owes to the Company under sections 171 to 177 of the 2006 Act will not be infringed if he:

- (a) absents himself from meetings of the Directors or from the discussion of any matter at a meeting relating to the Relevant Situation; and/or
- (b) makes arrangements for papers to be received and read by a professional adviser on his behalf which may relate to the Relevant Situation; and/or
- (c) behaves in any other way authorised by any guidance which may be issued by the Directors from time to time.

133.9 Subject to the provisions of the Companies Acts and to Article 133.2, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or employment or as vendor, purchaser or in any other manner whatever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the Members for any remuneration, profit or other benefit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established or to vacate the office of Director.

133.10 A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature and extent of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested. A declaration of interest may also be made in writing in accordance with the provisions of section 185 of the 2006 Act. For the purposes of this Article, a general notice to the Board by a Director to the effect that:-

- (a) he is a member of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with that company or firm, or
- (b) he is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with a specified person who is connected with him within the meaning of the Act,

shall be deemed to be a sufficient declaration of interest under this Article in relation to any such contract or arrangement; provided that no such notice shall be effective unless either it is given at a meeting of the Board otherwise in accordance with section 185 of the 2006 Act.

133.11 Subject to the provisions of the Companies Acts, and provided that he has disclosed to the Board the nature and extent of any material interest of his, a Director, notwithstanding his office:

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;

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Articles of Association (continued)

- (b) may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and
- (c) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

133.12 Save as otherwise provided by the Articles, a Director shall not vote at a meeting of Directors or of a committee of Directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the Company unless his interest or duty arises only because the case falls within one or more of the following paragraphs:

- (a) the giving to him of a guarantee, security, or indemnity in respect of money lent to or an obligation incurred by him for the benefit of the Company or any of its subsidiary undertakings;
- (b) the giving to a third party of a guarantee, security, or indemnity in respect of an obligation of the Company or any of its subsidiary undertakings for which the Director has assumed responsibility in whole or part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
- (c) his interest arises by virtue of his subscribing or agreeing to subscribe for any shares, debentures or other securities of the Company or any of its subsidiary undertakings, or by virtue of his being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any such shares, debentures, or other securities by the Company or any of its subsidiary undertakings for subscription, purchase or exchange;
- (d) the resolution relates in any way to any proposal concerning a retirement, death or disability benefits scheme or a share option scheme, share incentive scheme or profit-sharing scheme which either relates to both employees and Directors and/or directors of any subsidiary undertaking and does not provide to any Director as such any privilege or advantage not accorded to the employees to whom such scheme or fund relates or has been approved by or is conditional on approval by the Inland Revenue for tax purposes;
- (e) a contract, arrangement, transaction or proposal concerning any other body corporate in which he or any person connected with him is interested, directly or indirectly, and whether as an officer, shareholder, creditor or otherwise, if he and any persons connected with him do not to his knowledge hold an interest representing one per cent. or more of either any class of the equity share capital of such body corporate (or any other body corporate through which his interest is derived) or of the voting rights available to members of the relevant body corporate (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances);
- (f) any proposal concerning an insurance which the Company is empowered to purchase and/or maintain for the benefit of and against any liability incurred by any Directors or persons who include the Directors.

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Articles of Association (continued)

For the purposes of this Article, an interest of a person who is, for any purpose of the Act (excluding any statutory modification thereof not in force when this Article becomes binding on the Company), connected with a Director shall be treated as an interest of the Director and, in relation to an alternate Director, an interest of his appointor shall be treated as an interest of the alternate Director without prejudice to any interest which the alternate Director has otherwise.

- 133.13 If any question arises at any meeting of the Board as to the entitlement of any Director (other than the chairman) to vote or be counted in the quorum and the question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, it shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned (as known to such Director) has not been fairly disclosed to the chairman of the meeting. If any question as aforesaid shall arise in respect of the chairman of the meeting the question shall be decided by a resolution of the Board (for which purpose such chairman shall be counted in the quorum but shall not vote on the issue). Such resolution shall be final and conclusive except in the case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.
- 133.14 The Company may by ordinary resolution suspend or relax to any extent, either generally or in respect of any particular matter, any provision of the Articles prohibiting a Director from voting at a meeting of Directors or of a committee of Directors.

POWERS AND DUTIES OF THE BOARD

Business to be managed by the Board

134. The business of the Company shall be managed by the Board, which may pay all expenses incurred in forming and registering the Company and may exercise all powers of the Company (whether relating to the management of the business of the Company or otherwise) which are not by the Companies Acts or these Articles required to be exercised by the Company in general meeting, subject nevertheless to the provisions of the Companies Acts and these Articles and to such regulations, being not inconsistent with such provisions, as may be prescribed by the Company in general meeting. No regulations made by the Company in general meeting and no alteration of the Memorandum or Articles shall invalidate any prior act of the Board which would have been valid if such regulations or alteration had not been made. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Board by any other Article.

Local boards and agencies

135. The Board may establish local boards and agencies for managing any of the affairs of the Company, either in the United Kingdom or elsewhere, and may appoint any persons to be members of such local boards and any managers or agents, and may fix their remuneration. The Board may delegate to any local board, manager or agent any of the powers, authorities and discretions vested in or exercisable by the Board, with power to sub-delegate, and may authorise the members of any local board or any of them to fill any vacancies in that board and to act notwithstanding vacancies. Any such appointment or delegation may be made upon such terms and subject to such conditions as the Board may think fit. The Board may remove any person so appointed and may revoke or vary such delegation, but no person dealing in good faith and without notice of any such revocation or variation shall be affected by it.

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Articles of Association (continued)

Board may appoint attorneys

136. The Board may by power of attorney appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Board under these Articles) and for such period and subject to such conditions as it may think fit. Any such power of attorney may contain such provisions for the protection and convenience of persons dealing with the attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretion vested in him.

Powers conferred upon individual Directors

137. The Board may entrust to and confer upon any one or more Directors any of the powers exercisable by it upon such terms and conditions and with such restrictions as it thinks fit, and either collaterally with, or to the exclusion of, its own powers, and may from time to time revoke or vary all or any of such powers, but no person dealing in good faith and without notice of such revocation or variation shall be affected by it.

Overseas register

138. Subject to the provisions of the Companies Acts, the Company may keep an overseas or local or other register in any place, and the Board may make and vary such regulations as it may think fit respecting the keeping of any such register.

Issue of cheques etc

139. All cheques, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or transferable or not, and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine.

Board minutes to be kept

- 140.1 The Board shall cause minutes or records to be made in books provided for the purpose:-
- (a) of all appointments of officers made by the Board;
 - (b) of the names of the Directors present at each meeting of the Board or committee of the Board; and
 - (c) of all resolutions and proceedings at all meetings of the Company, of the holders of any class or classes of shares in the Company and of the Board and of any committee of the Board.

Conclusiveness of minutes

- 140.2 Any such minutes if purporting to be signed by the chairman of the meeting at which the proceedings were conducted or by the chairman of the next succeeding meeting shall be conclusive evidence of any such proceedings without any further proof of the facts stated in them.

Pensions and other benefits

141. The Board, on behalf of the Company, may, subject to the provisions of the Companies Acts, exercise all the powers of the Company to grant pensions, annuities or other allowances and benefits in favour of any person including any Director or former Director or the relations,

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connections or dependants of any Director or former Director, provided that no pension, annuity or other allowance or benefit (except such as may be provided for by any other Article) shall be granted to a Director or former Director who has not been an Executive Director or held any other office or place of profit under the Company or any of its subsidiaries or subsidiary undertakings or to a person who has no claim on the Company except as a relation, connection or dependant of such a Director or former Director without the approval of an ordinary resolution of the Company. A Director or former Director shall not be accountable to the Company or the Members for any benefit of any kind conferred under or pursuant to this Article and the receipt of any such benefit shall not disqualify any person from being or becoming a Director of the Company.

Provision for employees

142. The Board may by resolution exercise any power conferred by the Companies Acts to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries and subsidiary undertakings in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the Company or that subsidiary or subsidiary undertaking.

BORROWING POWERS

Power to borrow

143. Subject as provided in Article 144 and subject to the Companies Acts, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present or future) and uncalled capital or any part thereof and (subject to section 80 of the 1985 Act, to the extent that it is in force from time to time, and section 551 of the 2006 Act from the time that it comes into force) to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Borrowing limit

- 144.1 The Board shall restrict the borrowings of the Company and exercise all voting and other rights, powers of control or rights of influence exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (so far, as regards subsidiary undertakings, as by such exercise the Board can secure) that the aggregate amount for the time being remaining outstanding of all monies borrowed by the Group (as hereinafter defined) and for the time being owing to persons outside the Group less the aggregate amount of Current Asset Investments (as hereinafter defined) shall not at any time without the previous sanction of the Company in general meeting exceed an amount equal to four times the Adjusted Capital and Reserves (as hereinafter defined).

- 144.2 For the purpose of this Article:

- (a) "Group" means the Company and its subsidiary undertakings for the time being;
- (b) "Adjusted Capital and Reserves" means that sum, calculated from time to time, which equals the aggregate of the amount paid up on the issued or allotted share capital and the net amount of the credit and debit balances (if any) on the other reserves (whether distributable or undistributable) of the Company and its subsidiaries as shown in the latest audited consolidated balance sheet of the Company and its subsidiaries but after:-
- (i) adding back the amount set aside for deferred taxation;

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Articles of Association (continued)

- (ii) making such adjustments as may be appropriate in respect of any variation in the amount of such paid up share capital or share premium account subsequent to the date of the latest audited balance sheet, and so that for this purpose if any issue or proposed issue of shares or loan stock convertible into shares by the Company for cash has been underwritten then such shares shall be deemed to have been issued and the amount (including any premium) of the subscription monies payable in respect thereof (not being monies payable later than six months after the date of allotment) shall to the extent so underwritten be deemed to have been paid up on the date when the issue of such shares or loan stock convertible into shares (as the case may be) was underwritten (or, if such underwriting was conditional, on the date when it became unconditional);
 - (iii) making such adjustments as may be appropriate in respect of any distribution declared, recommended or made by the Company or its subsidiary undertakings (to the extent not attributable directly or indirectly to the Company) out of profits earned up to and including the date of the latest audited balance sheet to the extent that such distribution is not provided for in such balance sheet;
 - (iv) making such adjustments as may be appropriate in respect of any material variation in the interests of the Company in its subsidiary undertakings (including a variation whereby an undertaking becomes or ceases to be a subsidiary undertaking) since the date of the latest audited balance sheet;
 - (v) if the calculation is required for the purposes of or in connection with a transaction under or in connection with which any undertaking is to become or cease to be a subsidiary undertaking of the Company, making all such adjustments as would be appropriate if such transaction has been carried into effect;
 - (vi) excluding minority interests in subsidiary undertakings to the extent not already excluded;
 - (vii) adding back a sum equal to any goodwill arising on acquisitions (whether before or after the date of adoption of these Articles) of companies and businesses remaining within the Group which has been written off against reserves in accordance with United Kingdom generally accepted accounting principles;
- (c) “monies borrowed” shall be deemed to include (to the extent that the same would not otherwise fall to be taken into account):
- (i) the amount of all debentures allotted or issued (whether or not for cash) by any member of the Group which are not for the time being beneficially owned by a company within the Group;
 - (ii) the outstanding amount of acceptances (not being acceptances of trade bills in respect of the purchase or sale of goods in the ordinary course of trading) by any member of the Group or by any bank or accepting house under any acceptance credit opened on behalf of and in favour of any member of the Group;
 - (iii) the nominal amount of any allotted or issued and paid up share capital (other than equity share capital) of any subsidiary undertaking which is a body corporate of the Company not for the time being beneficially owned by other members of the Group;

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- (iv) the amount of any other allotted or issued and paid up share capital and of any other debentures or other borrowed monies (not being shares or debentures which or borrowed monies the indebtedness in respect of which is for the time being beneficially owned within the Group) the redemption or repayment of which is guaranteed (or is the subject of an indemnity granted) by any member of the Group;
- (v) the minority proportion of monies borrowed and owing to a partly owned subsidiary undertaking by another member of the Group;
- (vi) the aggregate amount owing by any member of the Group under leases or other arrangements which are to be treated as liabilities in accordance with United Kingdom generally accepted accounting principles;
- (vii) the principal amount of any book debts of any member of the Group which have been sold or agreed to be sold, to the extent that any member of the Group is for the time being liable to indemnify or reimburse the purchaser in respect of any non-payment in respect of such book debts;

but shall be deemed not to include:

- (viii) any amounts borrowed by any member of the Group from bankers or others for the purpose of financing any contract up to an amount not exceeding that part of the price receivable under such contract which is guaranteed or insured by any federal or state agency or governmental body, or any institution carrying on a similar business or performing a similar function;
- (ix) the minority proportion of monies borrowed by a partly owned subsidiary undertaking and not owing to another member of the Group;

and so that:

- (x) no amount shall be taken into account more than once in the same calculation but subject thereto sub-paragraphs (i) to (ix) of this paragraph (c) above shall be read cumulatively; and
- (xi) in determining the amount of any debentures or other monies borrowed or of any share capital for the purpose of this paragraph (c) there shall be taken into account the nominal or principal amount thereof (or, in the case of partly paid debentures or shares, the amount for the time being paid up thereon) together with any fixed or minimum premium payable on final redemption or repayment provided that if monies are borrowed or shares are issued on terms that they may be repayable or redeemable (or that any member of the Group may be required to purchase them) earlier than their final maturity or redemption date (whether by exercise of an option on the part of the issuer or the creditor or a trustee for the creditor or the shareholder, by reason of a default or for any other reason) at a premium or discount to their nominal or principal amount, then there shall be taken into account the amount which would, in accordance with United Kingdom generally accepted accounting principles, be regarded as payable on repayment, redemption or purchase of such debentures, monies borrowed or share capital as at the date of the latest audited balance sheet;

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- (d) in relation to a partly owned subsidiary undertaking the “minority proportion” is a proportion equal to the proportion of its issued equity share capital which is not attributable to the Company;
- (e) “Current Asset Investments” means the aggregate of:
 - (i) cash in hand of the Group;
 - (ii) sums standing to the credit of any current or other account of any member of the Group with banks or similar institutions in the United Kingdom or elsewhere to the extent that remittance of the same to the United Kingdom is not prohibited by any law, regulation, treaty or official directive or, where remittance of the same to the United Kingdom is so prohibited, to the extent that the same may be set off against or act as security for any monies borrowed by such member;
 - (iii) the amount of such assets as would be included in “Current Assets - Investments” and short term deposits in a consolidated balance sheet of the Group prepared as at the date of the relevant calculation in accordance with the principles used in the preparation of the latest audited balance sheet;

less, in the case of a partly owned subsidiary undertaking, a proportion thereof equal to the minority proportion;

- 144.3 For the purposes of the foregoing paragraphs of this Article borrowed monies expressed in or calculated by reference to a currency other than sterling shall be notionally converted into sterling at the relevant rate of exchange prevailing in London on the day before that date or, if it would result in a lower figure, at the rate of exchange prevailing in London on the day six months before that date and so that for these purposes the rate of exchange shall be taken as the spot rate in London recommended by a London clearing banker, selected by the Board, as being the most appropriate rate for the purchase by the Company of the currency in question for sterling on the day in question, or, if that is not a business day, on the last business day before the day in question.
- 144.4 The determination of the Auditors as to the amount of the Adjusted Capital and Reserves at any time shall be conclusive and binding on all concerned and for the purposes of their computation the Auditors may at their discretion make such further or other adjustments (if any) as they think fit. Nevertheless the Board may act in reliance on a bona fide estimate of the amount of the Adjusted Capital and Reserves at any time and if in consequence the limit hereinbefore contained is inadvertently exceeded an amount of borrowed monies equal to the excess may be disregarded until the expiration of three months after the date on which by reason of a determination of the Auditors or otherwise the Board became aware that such a situation has or may have arisen.
- 144.5 No person dealing with the Company or any of its subsidiary undertakings shall be concerned to see or enquire whether or not the said limit is observed and no debt incurred or security given in excess of such limit shall be invalid or ineffectual unless the lender or the recipient of the security had, at the time when the debt was incurred or security given, express notice that the said limit had been or would thereby be exceeded.

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Articles of Association (continued)

PROCEEDINGS OF THE BOARD

Meetings

- 145.1 Subject to the provisions of these Articles the Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. The Board shall meet not less than six times in each year.
- 145.2 A meeting of the Directors may be validly held notwithstanding that all of the Directors are not present at the same place and at the same time provided that:
- (a) all of the Directors at the time of the meeting are in direct communication with each other whether by way of telephone audio or video conferencing link or other form of telecommunications; and
 - (b) all of the Directors entitled to attend a meeting of the Directors agree to the holding of the meeting in such manner.

Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the Chairman of the meeting then is. The word “**meeting**” in these Articles, in relation to proceedings of the Board, shall (except where the context otherwise requires) be construed accordingly.

- 145.3 Questions arising and resolutions being proposed at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote. A Director who is also an alternate Director shall be entitled, in the absence of each of his appointors to a separate vote on behalf of each of his appointors in addition to his own vote.

Convening meetings

146. Notice of a Board meeting shall be deemed to be duly given to a Director if it is given to him personally or by word of mouth or sent or transmitted in writing to him at his last known address or any other address given by him to the Company for this purpose. A Director absent or intending to be absent from the United Kingdom may require of the Board that notices of Board meetings shall during his absence be given in writing to him at his last known address or any other address given by him to the Company for this purpose, but in the absence of any such requisition it shall not be necessary to give notice of a Board meeting to any Director who is for the time being absent from the United Kingdom. A Director may waive notice of any meeting either prospectively or retrospectively provided that for the purpose of determining the validity of any business conducted at any meeting no retrospective waiver given more than seven days after the date of the start of the meeting shall be effective.

Quorum

- 147.1 The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two. A person who is an alternate Director but not also a Director shall be counted in the quorum if his appointor is not present.
- 147.2 A person entitled to be present at a meeting of the Board or of a committee of the Board shall be deemed to be present for all purposes in the circumstances described in Article 145, if he is able to speak to and be heard by all those present or deemed to be present simultaneously. A Director so deemed to be present shall be entitled to vote and be counted in a quorum accordingly.

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Articles of Association (continued)

- 147.3 Any Director who ceases to be a Director at a Board meeting may continue to be present and to act as a Director and be counted in the quorum until the termination of that Board meeting if no other Director objects and if otherwise a quorum of Directors would not be present.

Continuing Directors may act

148. The continuing Directors or a sole continuing Director may act notwithstanding any vacancy in the Board but if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Articles, the continuing Directors or Director, notwithstanding that the number of Directors is below the number fixed by or in accordance with these Articles as the quorum or that there is only one continuing Director, may act for the purpose of filling vacancies in the Board or of summoning general meetings of the Company but not for any other purpose. If there are no Directors able or willing to act, then any two Members may summon a general meeting for the purpose of appointing Directors.

Chairman and Deputy Chairman

149. The Board may elect a Chairman and one or more Deputy Chairmen of its meetings and determine the period for which they are respectively to hold such office. If no such Chairman or Deputy Chairman is elected, or if at any meeting neither the Chairman nor any Deputy Chairman (or any alternate Director appointed by them) is present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be chairman of the meeting.

Authority of the Board

150. A meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretion for the time being vested in or exercisable by the Board. Each and every power, authority or discretion under these Articles vested in the Board may be delegated by the Board to a committee in accordance with the provisions of Article 151 and no such power, authority or discretion shall be regarded as being incapable of delegation to such a committee.

Delegation to committees

151. The Board may delegate any of its powers, authorities and discretions (including all powers and discretions whose exercise involves or may involve the payment of remuneration to, or the conferring of any other benefit on, all or any of the Directors) to committees, consisting of such person or persons (whether a member or members of its body or not) as it thinks fit. Any committee so formed shall, in the exercise of the powers, authorities and discretion so delegated, conform to any regulations which may be imposed on it by the Board. Any such regulations may provide for or authorise the co-option to the committee of persons other than Directors and for such co-opted members to have voting rights as members of the committee but so that:
- (a) the number of members of any committee who are not members of the Board shall be less than one half of the total number of members of that committee; and
 - (b) no resolution of any committee shall be effective unless a majority of the members of the committee present at the meeting at which the resolution is passed are members of the Board; and
 - (c) the chairman of each committee shall be a Director and in the case of any equality of votes the chairman of the committee shall have a second or casting vote.

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Articles of Association (continued)

Subject thereto the meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in these Articles for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board under this Article 151.

Resolutions in writing

152. A resolution in writing signed by all the Directors (or their duly appointed alternates) for the time being entitled to receive notice of a meeting of the Board (provided that number is sufficient to constitute a quorum) or by all the members of a committee for the time being shall be as valid and effectual as a resolution passed at a meeting of the Board or, as the case may be, of such committee duly called and constituted. For this purpose:

- (a) a resolution may be by means of an instrument or contained in an electronic communication sent to such address (if any) as may for the time being be notified by the Company for that purpose;
- (b) a resolution may consist of several instruments or several electronic communications, each executed by one or more Directors, or a combination of both;
- (c) a resolution signed by an alternate director need not also be signed by his appointor; and
- (d) a resolution signed by a Director who has appointed an alternate director need not also be signed by the alternate director in that capacity.

Validity of acts of the Board

153. All acts done by the Board or by any committee or by any person acting as a Director or member of a committee shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the Board or such committee or person acting as aforesaid or that they or any of them were disqualified or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee and had been entitled to vote.

DIVISIONAL DIRECTORS

Terms of appointment

154. The Board may appoint any person or manager as a divisional director or with such other title as the Board may from time to time determine. Any such divisional director shall not be or be deemed to be a Director of the Company within the meaning of the Companies Acts or these Articles. The appointment and remuneration (if any) of any divisional director shall be determined by the Board with full powers to make such arrangements as the Board may think fit. For the avoidance of doubt the Board shall have the right to enter into any contract on behalf of the Company or transact any business of any description without the knowledge and approval of the divisional directors, except that no act shall be done which would impose any personal liability on any or all of the divisional directors without his or their knowledge or consent.

No entitlement to attend Board meetings

155. No divisional director shall be entitled to attend or be present at or receive notice of any meeting of the Board or of any committee of the Board but the Board shall be at liberty at any time to request a divisional director to attend and to speak at any meeting of the Board or a committee of the Board. Divisional directors present at such meetings shall not be counted in the quorum and shall not be entitled to vote.

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Articles of Association (continued)

Employment independent of appointment

156. The appointment of a person to be a divisional director shall not (save as otherwise agreed between him and the Company), affect the terms and conditions of his employment (if any) by the Company, whether as regards duties, remuneration, pension or otherwise, and he shall cease to be a divisional director if he resigns as such or (as the case may be) in the event of his ceasing to be in the employment of the Company or an associated company or in the event of his being removed as a divisional director by a resolution of the Board, provided that termination of such an appointment shall not of itself affect the terms and conditions of his employment (if any) by the Company or any associated company.

SECRETARY AND REGISTRAR

Appointment and Removal of Secretary

- 157.1 Subject to the provisions of the Companies Acts, the Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit and any Secretary so appointed may be removed by the Board. The Board may also appoint one or more joint, assistant or deputy Secretaries as it may think fit and may remove from office any person so appointed.

Duties when no Secretary

- 157.2 If the office of Secretary is vacant or there is for any reason no Secretary capable of acting anything which by the Companies Acts or by these Articles is required or authorised to be done by or to the Secretary may be done by or to any officer of the Company authorised generally or specifically in that behalf by the Board.

May not have dual role

- 157.3 A provision of the Companies Acts or these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the Secretary.

Appointment of Registrar

158. The Board may appoint a Registrar upon such terms and conditions as it may think fit.

AUTHENTICATION OF DOCUMENTS

Directors and others may authenticate documents

159. Any Director or the Secretary or any persons appointed by the Board for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the Company or the holders of any class of shares of the Company or the Board or any committee of the Board and any books, records, documents and accounts relating to the business of the Company and certify copies or extracts of or from them as true copies or extracts. A document purporting to be a copy or reproduction of the minutes of, or an extract from the minutes of, a meeting of the Company or the holders of any class of shares of the Company or of the Board or any committee of the Board, which is so certified shall be conclusive evidence in favour of all persons dealing with the Company upon the faith of it, that such resolution has been duly passed or, as the case may be, that such minutes or extract is a true and accurate record of proceedings at a duly constituted meeting.

SEALS

Authority for and manner of use

160. The Board shall provide for the custody of every Seal. Save as provided in Article 162 a Seal shall only be used by the authority of the Board or of a committee of the Board authorised by

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Articles of Association (continued)

the Board on its behalf. Subject as otherwise provided in these Articles, any instrument to which the common seal is affixed shall be signed by one or more Directors and the Secretary or by two or more Directors or by signatories appointed and authorised for the purpose by the Directors, and any instrument to which an official Seal is affixed need not, unless the Board for the time being otherwise requires, also be signed by any person.

Certificates for shares and debentures

161. The Board may by resolution determine either severally or in any particular case that any certificate for shares or debentures or representing any other form of security may have any signature affixed to it by some mechanical means, or printed on it or, in the case of a certificate executed under a Seal, need not bear any signature.

Seal for use abroad

162. The Company may have for use in any territory, district or place elsewhere than in the United Kingdom an official seal which shall be a facsimile of its common seal with the addition on its face of the name of every territory, district or place where it is to be used, and such seal shall be affixed under the authority and in the presence of such person or persons as the Directors shall from time to time in writing under the common seal direct to all instruments required to be sealed therewith and the said instruments shall be countersigned by such person or persons who shall in addition certify in writing on each such instrument the date on which and the place at which such official seal is affixed thereto.

Execution of deeds without a seal

163. A document signed by a Director and by the Secretary or another Director and expressed, in whatever form of words, to be executed by the Company shall have the same effect as if it were under seal. A document executed in this way which makes it clear on its face that it is intended to be a deed, in whatever form of words, has effect, upon delivery, as a deed.

DIVIDENDS AND OTHER PAYMENTS

Declaration of dividends

164. Subject to the Companies Acts, the Company in general meeting may from time to time declare dividends to be paid to the Members according to their rights and interests in the profits available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board.

Payment of dividends

- 165.1 Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide:-
- (a) all dividends shall be declared and paid according to the nominal amounts (excluding any premium) paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Article as paid up on the share; and
 - (b) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

Interim dividends

- 165.2 The Board may from time to time pay to the Members such interim dividends as appear to the Board to be justified by the profits of the Company and in particular (but without prejudice to

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Articles of Association (continued)

the generality of the foregoing) if at any time the share capital of the Company is divided into different classes the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders deferred or non-preferential rights as well as in respect of those shares which confer on the holders preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferential rights if at the time of payment any preferential dividend is in arrear. Provided that the Board acts bona fide, the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights.

Dividends only payable out of profits available

- 165.3 No dividend shall be paid otherwise than out of profits available for distribution in accordance with the Companies Acts.

Fixed dividends may be paid

166. Subject to the provisions of the Companies Acts, insofar as in the opinion of the Board the profits of the Company justify such payments, the Board may pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for payment of them.

Board may set off liability of a Member

167. The Board may deduct from any dividend or other moneys payable to a Member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in respect of shares of the Company.

Retention of dividend pending registration

168. The Board may retain the dividends payable upon shares in respect of which any person is entitled to become a Member under the provisions of these Articles as to the transmission of shares, or which any person is under those provisions entitled to transfer, until that person becomes a Member in respect of those shares, or transfers the same.

Dividends apportionable

169. All dividends shall be apportioned and (subject to any lien of the Company) paid to Members on the Register on the date on which the dividend is declared, made or paid (notwithstanding any subsequent transfer or transmission of shares) proportionately to the amounts paid up on the shares during any portion of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

No interest payable on dividends

170. No dividend or other moneys payable by the Company on or in respect of any share shall bear interest against the Company.

Method of payment

- 171.1 Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or by direct debit or bank transfer to such bank or building society account as the Member entitled to it directs in writing or by such other means (including electronic media) offered by the Company as the holder or person entitled may in writing agree. In the case of joint holders, payment may be sent addressed to the holder whose name stands first in the Register in respect of the shares

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Articles of Association (continued)

at his address or bank or building society or other electronic account, as appearing in the Register, or addressed to such person and at such address or to such bank or building society or other electronic account as the holder or joint holders may in writing direct.

- 171.2 Every cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the holder or, in the case of joint holders, the holder whose name stands first in the Register in respect of such shares, and shall be sent at his or their risk. Payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Unclaimed dividends forfeited

172. Any dividend unclaimed after a period of twelve years from the date such dividend became due for payment shall be forfeited and shall revert to the Company. The payment by the Board of any unclaimed dividend, interest or other sum payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.

Dividends in specie

173. Any general meeting declaring a dividend may by ordinary resolution, upon the recommendation of the Board, direct payment or satisfaction of such dividend wholly or in part by the distribution of specific assets, and in particular of paid up shares or debentures of the Company or any other company, and the Board shall give effect to such direction. Where any difficulty arises in regard to such distribution the Board may settle it as it thinks expedient, and in particular may issue fractional certificates or authorise any person to sell and transfer any fractions and arrange for the distribution of the net proceeds of sale in due proportion among the Members who would have been entitled to the fractions, or for the retention of such net proceeds for the benefit of the Company, or may ignore fractions altogether. The Board may fix the value for distribution purposes of any such specific assets and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to secure equality of distribution and may vest such specific assets in trustees as may seem expedient to the Board.

Exchange rate dividend calculation

174. For the purposes of the calculation of the amount receivable in respect of any dividend payable in a currency or currencies other than pounds sterling, the rate of exchange to be used to determine the relevant currency equivalent of any sum payable as a dividend shall be such market rate (whether spot or forward) selected by the Board as they shall consider appropriate ruling at the close of business in London on the date which is the business day last preceding:
- (a) in the case of a dividend to be declared by the Company in general meeting, the date on which the Board publicly announces its intention to recommend that specific dividend; or
 - (b) in the case of any other dividend, the date on which the Board publicly announces its intention to pay that specific dividend.

Where the Board considers the circumstances to be appropriate it shall determine the relevant currency equivalent of any sums payable as a dividend by reference to such market rate or rates or the mean of such market rates prevailing at such time or times or on each date or dates, in each case falling before the time of the relevant announcement, as the Board may in its discretion select.

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Articles of Association (continued)

RESERVES

Board may make reserves

175. The Board may, before recommending any dividend (whether preferential or otherwise), set aside out of the profits of the Company such sums as it thinks proper as reserves which shall (subject to the Companies Acts), at the discretion of the Board, be applicable for meeting claims on or liabilities of the Company or contingencies or for paying off any loan capital or for equalising dividends or for any purpose to which the profits of the Company may be properly applied. Pending any such application such reserves may, also at such discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may from time to time think fit, so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve, carry forward any profits which it may think prudent not to distribute.

Capitalisation of Reserves

176. The Company may, upon the recommendation of the Board, at any time and from time to time, pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) and not required for payment of dividend on any shares with a preferential right to dividend, whether or not the same is available for distribution, and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled to it if it were distributed by way of dividend and in the same proportions, on the footing that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in payment up in full of unissued shares, debentures or other obligations of the Company, to be allotted, distributed and credited as fully paid up to an amongst such Members, or partly in one way and partly in the other and the Board shall give effect to such resolution provided that for the purposes of this Article, a share premium account and a capital redemption reserve, and any reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company to be allotted to such Members credited as fully paid and that no unrealised profits shall be used in paying up any amounts unpaid on any issued shares.

Scrip dividends

177. Subject to the provisions of this Article the Board may, with the prior sanction of an ordinary resolution of the Company, offer the holders of ordinary shares the right to elect to receive, in respect of all or part of their respective holdings of ordinary shares, additional ordinary shares in the capital of the Company, credited as fully paid, instead of cash in respect of all or any part or parts of such dividend or dividends as are specified by the resolution. The following provisions shall apply:
- (a) The resolution may specify a particular dividend, or may specify all or any dividends paid, proposed to be paid or declared within a specified period, but such period must expire not later than the end of the fifth annual general meeting to be held following the date of the meeting at which such resolution is passed.
 - (b) Save where the resolution specifies or requires otherwise, the entitlement of each holder of ordinary shares to new ordinary shares shall be determined by the Board so that the Relevant Value of them shall be as nearly as practicable equal to (but not in excess of) the cash amount (disregarding any tax credit) that such shareholder would have received by way of dividend. For this purpose “**Relevant Value**” shall be calculated by reference to the

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average of the middle market quotations for the Company's ordinary shares on the London Stock Exchange Daily Official List on the day when ordinary shares are first quoted "ex" the relevant dividend and four dealing days after that date or in such other manner as may be determined by or in accordance with an ordinary resolution of the Company. A certificate of or report by the Auditors as to the amount of any dividend shall be conclusive evidence of that amount.

- (c) The basis of allotment shall be such that no Member may receive a fraction of an ordinary share and an election to receive ordinary shares in lieu of a cash dividend which gives rise to a fractional entitlement will be deemed to be an election to receive only that whole number of additional ordinary shares which is as nearly as possible equal to, but not greater than, the cash amount of the dividend to which the Member is otherwise entitled.
- (d) The Board, after determining the basis of allotment, shall notify the holders of ordinary shares in writing of the right of election offered to them, and, subject as provided in paragraph (j) below, shall send with, or following, such notification forms of election and specify the procedure to be followed and the place at which, and the latest time by which, duly completed forms of election must be lodged in order to be effective.
- (e) The dividend (or that part of the dividend in respect of which a right of election has been offered) shall not be payable on ordinary shares in respect of which an election has been duly made (the "**elected ordinary shares**") and, instead, additional ordinary shares shall be allotted to the holders of the elected ordinary shares shall be allotted to the holders of the elected ordinary shares on the basis of allotment determined as provided above. For such purpose the Board shall capitalise out of such of the sums standing to the credit of any of the Company's reserves (including any share premium account, capital redemption reserve fund or any other undistributable reserve) or any of the profits which could otherwise have been applied in paying dividends in cash as the Board may determine, a sum equal to the aggregate nominal amount of the additional ordinary shares to be allotted on such basis and apply the same in paying up in full the appropriate number of unissued ordinary shares for allotment and distribution to and amongst the holders of the elected ordinary shares on such basis.
- (f) The additional ordinary shares so allotted shall rank pari passu in all respects with the fully paid ordinary shares then in issue save only as regards participation in the relevant dividend (or share election in lieu).
- (g) Where the ordinary shares constitute authorised investments for the purposes of the Trustee Investments Act 1961 the Board shall (unless otherwise resolved by the Company in general meeting) ensure that at least part (being such part as the Board may decide) of the dividend payable on each ordinary share in each calendar year is paid in cash.
- (h) The Board may on any occasion determine that rights of election under this Article shall be subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to legal or practical problems under the laws or requirements of any recognised regulatory body or any stock exchange in any territory.
- (i) The Board may undertake and do such acts and things as it may consider necessary or expedient for the purpose of giving effect to the provisions of this Article including (without limiting the foregoing) making such provisions as it may think fit in relation to

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any fraction of an ordinary share which may or would arise pursuant to the application of paragraph (c) (including provisions whereby fractional entitlements are disregarded or the benefit of them accrues to the Company rather than to the Members concerned).

- (j) The Board may introduce and operate such arrangements as it may consider necessary whereby any holder of ordinary shares may agree (unless and until such arrangements are by written notice terminated in respect of any holder by the Board or by any such holder himself) to elect to receive in respect of all (but not part) of his holding of ordinary shares additional ordinary shares of the Company in lieu of the whole (but not part) of all future dividends payable on his holding of ordinary shares in respect of which the Company (pursuant to any authority of the Board in general meeting as is specified in this Article) offers to holders of ordinary shares such right to elect (“**relevant dividends**”) (subject always to the provisions of paragraph (c)) and during the continuance of such arrangements in respect of any holder of ordinary shares (i) the Board shall not be obliged to send forms of election to any such holder in accordance with paragraph (d); and (ii) the agreement by such holder to elect as aforesaid shall be effective for all purposes as an election in respect of all relevant dividends.
- (k) In relation to any particular proposed dividend the Board may in its absolute discretion withdraw or terminate an offer previously made to holders to elect to receive additional ordinary shares in lieu of the cash dividend (or that part of the dividend in respect of which a right of election has been offered) at any time prior to the allotment of the additional ordinary shares. The Board shall not proceed with any offer unless the Company has sufficient authorised but unissued ordinary shares and sufficient reserves or funds that may be capitalised to give effect to it after the basis of allotment has been determined.

Board may deal with fractions arising

178. Where any difficulty arises in regard to any distribution under this Article, the Board may settle the same as it thinks expedient and in particular may issue fractional certificates or authorise any person to sell and transfer any fractions and arrange for the distribution of the net proceeds of sale in due proportion among the Members who would have been entitled to the fractions, or for the retention of such net proceeds for the benefit of the Company, or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect to the appointment and such appointment shall be effective and binding upon the Members.

RECORD DATES

Record dates for dividends etc

179. Notwithstanding any other provision of these Articles, the Company or the Board may:
- (a) fix any date as the record date for any dividend, distribution, allotment or issue, which may be on or at any time before or after any date on which the dividend, distribution, allotment or issue is declared, paid or made;
 - (b) for the purpose of determining which persons are entitled to attend and vote at a general meeting of the Company, or a separate general meeting of the holders of any class of shares in the capital of Company, and how many votes such persons may cast, specify in the notice

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of meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered on the register in order to have the right to attend or vote at the meeting; changes to the register after the time specified by virtue of this Article shall be disregarded in determining the rights of any person to attend or vote at the meeting; and

- (c) for the purpose of sending notices of general meetings of the Company, or separate general meetings of the holders of any class of shares in the capital of the Company, under these Articles, determine that persons entitled to receive such notices are those persons entered on the Register at the close of business on a day determined by the Company or the Board, which day may not be more than 21 days before the day that notices of the meeting are sent.

RECORDS AND REGISTERS

Form of records

180. Any register, index, minute book, or other book or accounting records required by these Articles or the Companies Acts to be kept by or on behalf of the Company may be kept either by making entries in bound books or by recording them in any other manner. In any case in which bound books are not used, the Directors shall take adequate precautions for guarding against falsification and for facilitating discovery.

Overseas and local registers

181. Subject to the provisions of the Companies Acts and the Regulations, the Company may keep an overseas or local or other register in any place, and the Board may make, amend and revoke any regulations if it thinks fit about the keeping of that register.

ACCOUNTING RECORDS

Records to be kept

- 182.1 The Board shall cause to be kept and laid before the Company in general meeting accounting records sufficient to give a true and fair view of the state of the Company's affairs and to show and explain its transactions in accordance with the Companies Acts.
- 182.2 The accounting records shall be kept at the Office or, subject to the Companies Acts, at such other place or places as the Board may think fit and shall always be open to inspection by the officers of the Company.
- 182.3 No Member (other than an officer of the Company) shall have any right of inspecting any accounting record or book or document of the Company except as conferred by law or authorised by the Board.

Sending of annual accounts

- 183.1 Subject to Article 183.2 a printed copy of every balance sheet and profit and loss account, together with the related report of the Board and including every other document required by law to be annexed, which is to be laid before the Company in general meeting, together with a copy of the Auditors' report, shall be sent to each person entitled to receive them at least twenty one days before the date of the meeting in accordance with the requirements of the Companies Acts. Copies shall also be sent in appropriate numbers to The Stock Exchange in accordance with its regulations.
- 183.2 The Company need not, if the Board so decides, send copies of such documents to Members, but may instead send them a summary financial statement derived from the Company's balance sheet and profit and loss account and the related report of the Board, in such form and containing

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Articles of Association (continued)

such information as may be required by the Companies Acts. Copies of the documents referred to in Article 183.1 shall however, be sent to any Member who wishes to receive them, and the Company shall comply with the provisions of the Companies Acts as to the manner in which it is to ascertain whether or not a Member wishes to receive them.

- 183.3 This Article shall not require a copy of the documents referred to in Article 183.1 or 183.2 to be sent to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

AUDIT AND AUDITORS

Appointment of auditors

184. Auditors shall be appointed and their duties regulated in accordance with the Companies Acts.

Validity of acts

185. Subject to the provisions of the Companies Acts, all acts done by any person or persons acting as Auditors shall, as regards all persons dealing in good faith with the Company, be valid notwithstanding that there was some defect in their appointment or that they were at the time of their appointment not qualified for appointment.

Attendance at meetings

186. The Auditors shall be entitled to attend any general meeting and to receive all notices of and other communications relating to any general meeting which any Member is entitled to receive, and to be heard at any general meeting on any part of the business of the meeting which concerns them as Auditors.

NOTICES AND OTHER DOCUMENTS

Methods of giving notice

- 187.1 Any notice or other document (including a share certificate) required to be given or sent to any Member may be served on or delivered to the Member either:
- (a) personally; or
 - (b) by sending it through the post in a prepaid letter addressed to such Member at his registered address as appearing in the Register; or
 - (c) by delivering it to or leaving it (so addressed) at such registered address; or
 - (d) by any electronic means which enables the Member concerned to read the text of the notice or other document, but only where the Member has given his consent in writing to receiving notice or other documents by electronic means and in such consent has set out an address to which notice or other documents shall be sent by electronic means.

In the case of joint holders of a share, service or delivery of any notice or other document on or to one of the joint holders shall for all purposes be deemed a sufficient service on or delivery to all the joint holders.

Website publication

- 187.2 Subject to the Companies Acts, the Company may also give or send any notice or other document pursuant to these Articles to a Member by publishing that notice or other document on a website where:

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- (a) the Company and the Member have agreed to the Member having access to the notice or document on a website (instead of it being sent to him) or such agreement has been deemed to have been given by the Member pursuant to Schedule 5 of the 2006 Act;
- (b) the notice or document is one to which that agreement applies;
- (c) the Member is notified, in a manner for the time being agreed between him and the Company for the purpose, of:
 - (i) the publication of the notice or document on a website;
 - (ii) the address of that website; and
 - (iii) the place on that website where the notice or document may be accessed, and how it may be accessed; and
- (d) the notice or document is published on that website throughout the publication period, provided that, if the notice or document is published on that website for a part, but not all of, the publication period, the notice or document shall be treated as being published throughout that period if the failure to publish that notice or document throughout that period is wholly attributable to circumstances which it would not be reasonable to have expected the Company to prevent or avoid.

In this Article, “**publication period**” means:

- (1) in the case of a notice of an adjourned meeting pursuant to Article 80 a period of not less than seven clear days before the date of the adjourned meeting, beginning on the day following that on which the notification referred to in Article 187.1(c) above is sent or (if later) is deemed sent;
- (2) in the case of a notice of a poll pursuant to Article 90 a period of not less than seven clear days before taking of the poll, beginning on the day following that on which the notification referred to in 187.1(c) above is sent or (if later) is deemed sent; and
- (3) in any other case, a period of not less than 21 days, beginning on the day following that on which the notification referred to in 187.1(c) above is sent or (if later) is deemed sent.

Registered address outside UK

188. Any Member described in the Register by an address not within the United Kingdom who shall, from time to time, give to the Company an address within the United Kingdom at which notices may be served upon him shall be entitled to have notices served upon him at such address, but, save as aforesaid, no Member other than a Member described in the Register by an address within the United Kingdom shall be entitled to receive any notice from the Company.

Deemed receipt of notice

189. Any such notice or other document, if sent by first class post, shall be deemed to have been served or delivered on the day after the day on which it was put in the post, and in proving such service or delivery it shall be sufficient to prove that the notice or document was properly addressed, stamped and put in the post. Any notice or other document delivered or left at a registered address otherwise than by post shall be deemed to have been served or delivered on

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the day on which it was so delivered or left. Any notice or other document given or sent by electronic means shall be deemed to have been served or delivered on the day on which it was given or sent by electronic means.

Member dead or bankrupt

190. Any notice or other document given to or served on any Member in any manner authorised by these Articles shall, notwithstanding that such Member is then dead or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death or bankruptcy or other event, be deemed to have been duly served in respect of any share registered in the name of such Member as sole or joint holder unless his name shall, at the time of the service of the notice or document, have been removed from the Register as the holder of the share, and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.

Transferees etc bound by notice

191. Every person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of that share which, before his name and address have been entered in the Register, shall have been duly given to the person from whom he derives his title to it.

Notice to joint holders

192. In the case of joint holders of a share, all notices or other documents shall be given or sent to the joint holder whose name stands first in the register in respect of the joint holding. Any notice or other document so given or sent shall be deemed for all purposes sufficient service on all the joint holders.

Service on the Company

193. Subject to the Companies Acts, any summons, notice, order or other document required to be sent to or served upon the Company, or upon any officer of the Company, may be sent or served by leaving the same or sending it through the post in a prepaid letter addressed to the Company, or such officer at the Office.

Suspension of Postal Services

194. If at any time the Company is unable effectively to convene a general meeting by notices sent through the post as a result of the suspension or curtailment of postal services in the United Kingdom, a general meeting may be convened by advertisement in the United Kingdom. In any such case the Company shall send confirmatory copies of the notice by post if at least two days prior to the date fixed for the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.

Notice given by newspaper advertisement

195. Any notice given by advertisement shall be advertised on the same date in at least two leading daily newspapers in the United Kingdom (at least one of which shall be published in London) and such notice shall be deemed to have been served at noon on the day on which the advertisement appears.

UNTRACED SHAREHOLDERS

Where no current address for shareholders

196. When the registered address of any Member appears to the Board to be incorrect or out of date such Member may, if the Board so resolves, be treated as if he had no registered address and the

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Articles of Association (continued)

Company will not thereafter be obliged to send to such Member cheques, warrants, notices of meetings or copies of the documents referred to in Article 183.1 or any of them. No such resolution shall be passed by the Board until cheques or warrants sent to the registered address of the Member have been returned by the Post Office or left uncashed on at least two consecutive occasions or, following one such occasion, reasonable enquiries have failed to establish any new address of such Member.

Power to dispose of shares

197. The Company shall be entitled to sell at the best price reasonably obtainable any share of a Member or any share to which a person is entitled by transmission if and provided that:

- (a) for a period of twelve years, in the course of which at least three dividends have become payable in respect of the share in question, no cheque or warrant sent by the Company through the post in a prepaid letter addressed to the Member or to the person entitled by transmission to the share at his address on the Register, or other the last known address given by the Member or the person entitled by transmission to which cheques and warrants are to be sent, has been cashed, no dividend has been claimed and no communication has been received by the Company from the Member or the person entitled by transmission; and
- (b) the Company has at the expiration of such period of twelve years by advertisement in both a leading national newspaper and in a newspaper circulating in the area in which the address referred to in paragraph (a) is located given notice of its intention to sell such share; and
- (c) the Company has not during the further period of three months after the date of the advertisement and prior to the exercise of the power of sale received any communication from the Member or person entitled by transmission; and
- (d) the Company has first given notice in writing to the Stock Exchange of its intention to sell such shares.

Sale procedure

198.1 To give effect to any such sale as is referred to in Article 198 the Company may appoint any person (a) in the case of certificated shares, to execute as transferor an instrument of transfer of such share or stock and (b) in the case of uncertificated shares, to authorise and procure the execution of such transfer in accordance with and subject to the regulations and facilities and requirements of the relevant system concerned.

198.2 Every such instrument of transfer and transfer shall be as effective as if it had been executed by the registered holder of or person entitled by transmission to such share.

198.3 The Company shall account to the Member or other person entitled to such share for the net proceeds of such sale and shall be deemed to be his debtor and not a trustee for him in respect of the proceeds. Any money not accounted for to the Member or other person entitled to such share shall be carried to a separate account and shall be a permanent debt of the Company. Money carried to such separate account may either be employed in the business of the Company or invested in such investments (other than shares of the Company or its holding company, if any) as the Directors may from time to time think fit.

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Articles of Association (continued)

DESTRUCTION OF DOCUMENTS

Power of Company to destroy documents

199.1 The Company may destroy:

- (a) any share certificate which has been cancelled, at any time after the expiry of one year from the date of such cancellation;
- (b) any dividend mandate or any variation or cancellation of it or any notification of change of name or address, at any time after the expiry of two years from the date of which such mandate, variation, cancellation or notification was recorded by the Company;
- (c) any instrument of transfer or form of renunciation of shares which has been registered, at any time after the expiry of six years from the date of registration; and
- (d) any other document on the basis of which any entry in the Register is made, at any time after the expiry of six years from the date on which the entry in the Register was first made.

The Company may, however, destroy a document after a shorter period than that specified above if a copy is retained in permanent form. The copy of a document shall be treated for the purposes of this Article as if it were the document.

1992. It shall conclusively be presumed in favour of the Company that every share certificate so destroyed was a valid certificate duly and properly cancelled, that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and that every other document destroyed under the power contained in this Article was a valid and effective document in accordance with its recorded particulars in the books or records of the Company, provided always that:

- (a) the foregoing provisions of this Article shall apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of such document was relevant to a claim;
- (b) nothing contained in this Article shall be construed as imposing any liability upon or recognising liability of the Company in respect of the destruction of any document before the expiration of the relevant period specified in these Articles merely because such period had not elapsed; and
- (c) references in this Article to the destruction of any document include references to its disposal in any manner.

SECRECY

200. No Member or general meeting or other meeting of Members shall be entitled to require discovery of or any information respecting any detail of the Company's trading or in any matter that is or may be in the nature of a trade secret or secret process or that may relate to the conduct of the business of the Company that in the opinion of the Board it would be contrary to the interests of the Company to communicate to the public.

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Articles of Association (continued)

WINDING-UP

Board may petition to wind up

201. The Board shall have power in the name and on behalf of the Company to present a petition to the Court for the Company to be wound up.

Distribution of surplus assets

202. Save as otherwise provided in these Articles and subject to the rights attached to any shares issued on any special terms and conditions, on a return of assets on a winding up or otherwise the surplus assets of the Company, after discharge of its liabilities shall belong to and be distributed amongst the holders of shares in proportion to the number of such shares held by them respectively after deducting in respect of any share not fully paid up, the amount remaining unpaid on it (whether or not then payable).

203. [Reserved]

INSURANCE AND INDEMNITY

Insurance

204. Without prejudice to the provisions of Article 206, the Board may exercise all the powers of the Company to purchase and maintain insurance for or for the benefit of any person who is or was:

- (a) a director, officer, employee or Auditor of the Company, or any body which is or was the holding company or subsidiary undertaking of the Company, or in which the Company or such holding company or subsidiary undertaking has or had any interest (whether direct or indirect) or with which the Company or such holding company or subsidiary undertaking is or was in any way allied or associated, or

- (b) a trustee of any pension fund in which employees of the Company is or has been interested,

including without limitation insurance against any liability incurred by such person in respect of any act or omission in the actual or purported execution or discharge of his duties or in the exercise or purported exercise of his powers or otherwise in relation to his duties, powers or offices in relation to the relevant body or fund.

Indemnity

205. Subject to the provisions of and so far as may be consistent with the Companies Acts, to the extent that proceeds of any insurance policy against any such liability as is referred to in Article 205 are insufficient to meet such liability in full, every Director, Executive Director, manager, officer and Auditor of the Company shall be entitled to be indemnified out of the funds of the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and/or discharge of his duties and/or the exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office including (without prejudice to the generality of the foregoing) any liability incurred by him in defending any proceedings, whether civil or criminal, or any investigations or actions of a regulatory authority as referred to in section 206 of the 2006 Act which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company in which judgment is given in his favour or he is acquitted.

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Directors not liable to account

206. No Director or former Director shall be accountable to the Company or the Members for any benefit provided pursuant to Articles 205 or 206. The receipt of any such benefit shall not disqualify any person from being or becoming Director of the Company.

Section 719 of the 1985 Act and section 247 of the 2006 Act

207. Pursuant to section 719 of the 1985 Act to the extent that it is in force from time to time, and section 247 of the 2006 Act from the time that it comes into force, the Board is hereby authorised to make such provision as may seem appropriate for the benefit of any person employed or formerly employed by the Company or any of its subsidiary undertakings in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the Company or any subsidiary undertaking. Any provision shall be made by a resolution of the Board in accordance with the Companies Acts.

