

**4 December 2017**

**Uranium Resources plc  
("Uranium Resources" or "the Company")**

**Proposed Disposal of the Mtonya Project  
Share Capital Reorganisation  
Proposed Placing to Raise £900,000  
Appointment of Proposed Directors  
Proposed Change of Name  
Notice of General Meeting**

Uranium Resources is pleased to announce that it has agreed conditionally to dispose of the Mtonya Project ("Mtonya") to its majority shareholder Estes Limited ("Estes") and to the subsequent reorganisation and recapitalisation of the Company which will become an AIM Rule 15 cash shell. As part of the Proposals, the Company is raising £900,000 in new equity and a number of key board changes are taking place. Please see the Share Capital Statistics below for further information on the reorganisation.

**Disposal**

Subject to shareholder approval, the Company will dispose of Mtonya to Estes, in partial settlement of the outstanding loans of approximately US\$2.07 million from Estes to the Company (the "Disposal"). The partial settlement is in the amount of US\$1.2 million, a valuation which is 25 per cent. higher than the top of the fair market range provided by independent consultants for Mtonya. In addition, it is proposed that Estes will capitalise the remaining debt owed to it by the Company of US\$870,000 at a price of 0.5p per share.

The Disposal constitutes a fundamental change of business in accordance with the AIM Rules and is therefore subject to shareholder approval. Alex Gostevskikh, Andrew Lewis and James Pratt (the "Independent Directors") are supportive of the Disposal on the basis that Estes has informed the Company that it is no longer willing to provide financial support to it and the Disposal provides a return to the Company significantly higher than the third party valuation of the Mtonya Project. The Independent Directors also believe that significant funds would be required to undertake a meaningful drilling programme at Mtonya and that such early stage exploration projects are difficult to fund, especially as the market

for uranium remains depressed. The Independent Directors intend to vote in favour of the resolutions as a whole.

### **Share Capital Reorganisation and Placing**

The Company is proposing to undertake a Share Capital Reorganisation (as described more fully below) which will result in 59,788,833 New Ordinary Shares being in issue following the post the Disposal and capitalisation of the Estes loan balance. Following the Share Capital Reorganisation 7,777,778 New Ordinary will be issued pursuant to the Director Capitalisations resulting in 67,566,611 New Ordinary Shares being in issue immediately prior to the Placing.

The Company has conditionally raised £900,000 at 0.45p, via the placing of 200,000,000 New Ordinary Shares through Peterhouse Corporate Finance Limited, together with a 1 for 2 attaching warrant (the "Placing Warrants"). The Placing Warrants are exercisable at 0.9p per New Ordinary Share, three months from the date of grant and for a period of 12 months from the date of grant or until the Company completes a transaction which constitutes a reverse takeover in accordance with AIM Rule 14 (the "Final Exercise Date") whichever is earlier.

Peterhouse Corporate Finance Limited will be appointed as joint broker to the Company subject to Shareholders' approval of the Proposals.

Subject to Shareholder approval, admission of the New Ordinary Shares to trading on AIM is expected on or around 21 December 2017 and the Company's name will change to URA Holdings plc (the TIDM will remain URA). Under the Proposals the Enlarged Share Capital will comprise 267,566,611 New Ordinary Shares of 0.15p each.

In order to provide existing shareholders with some ability to subscribe should they so choose on the same terms as the Placing Warrants, the Board proposes subject to regulatory prohibitions relating to marketing securities in certain jurisdictions, to issue new warrants to existing shareholders on the record date on a pro rata basis of one Bonus Warrant for every two New Ordinary Shares held (the "Bonus Warrant Issue") at an exercise price of 0.9p per share.

### **Board Changes and New Strategy**

Conditional on the passing of the Resolutions, it is proposed that the Existing Directors, with the exception of Alex Gostevskikh, step down from the Board and that Peter Redmond and Melissa Sturgess are appointed directors (the “Proposed Directors“). Peter and Melissa have many years of experience as directors of AIM companies and intend that the new strategy of the Company will be to acquire a substantial business that is seeking an AIM quoted platform. Peter has been involved in the restructuring of a number of AIM quoted companies and Melissa most recently spearheaded the recapitalisation of Messaging International plc and subsequent creation of SigmaRoc plc.

The Proposed Directors will be uncommitted in relation to sector but will focus on an acquisition that can create significant value for shareholders in the form of capital growth and/or dividends. The net use of proceeds from the Placing will be used for general working capital purposes and to investigate suitable acquisition opportunities.

Subject to the passing of all the Resolutions, Peter Redmond and Melissa Sturgess will be interested in 4.2 per cent. and 8.3 per cent. respectively of the Enlarged Share Capital.

### **Share Capital Statistics**

Existing Ordinary Shares in issue as at the date of the Document	757,632,495
Nominal value of Existing Ordinary Shares	0.1p
Enlarged Share Capital following the capitalisation of the Estes loan balance	896,832,495
New Ordinary Shares in issue following the Share Capital Reorganisation	59,788,833
Nominal value of New Ordinary Shares following the Share Capital Reorganisation	0.15p
New Ordinary Shares to be issued pursuant to the Director Capitalisations	7,777,778
Placing Price of the New Ordinary Shares	0.45p
New Ordinary Shares to be issued pursuant to the Placing	200,000,000
Gross proceeds of the Placing	£900,000
Estimated net proceeds of the Placing	£840,000
Enlarged Share Capital following the Share Capital Reorganisation, Capitalisation and Placing	267,566,611
Market capitalisation of the Company at the Placing Price following	£1,204,050

the Share Capital Reorganisation, the Capitalisation and the Placing

Placing Shares as a percentage of the Enlarged Share Capital	74.4%
Fully diluted number of New Ordinary Shares in issue following the Proposals set out in this Document*	424,217,688

\*Assuming exercise of the Bonus Warrants, Placing Warrants and options granted under the Share Option Plan

The Disposal and the Placing are included in a set of proposals (the "Proposals") that are set out in a circular ("Circular") which is being sent to shareholders today. The Circular also sets out why the Existing Directors recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting which is to be held at the offices of Shakespeare Martineau LLP, 6<sup>th</sup> Floor, 60 Gracechurch Street, London EC3V OHR, at 12.00 p.m. on 20 December 2017.

Alex Gostevskikh, Managing Director and Executive Chairman, commented:

"As previously communicated to shareholders, the uranium market continues to see depressed prices which has constrained the Board's ability to raise significant new funds. The proposed transaction to dispose of the Mtonya Project to Estes will allow the Company to introduce new funds, appoint new directors, and look to adopt a new strategy to create significant value for shareholders via acquisitions while remaining on AIM."

**Following Completion, the Company will be classified as an AIM Rule 15 cash shell and as such will be required to make an acquisition or acquisitions which constitutes a reverse takeover under AIM Rule 14 (including seeking re-admission as an investing company (as defined under the AIM Rules)) on or before the date falling six months from completion of the Disposal or be re-admitted to trading on AIM as an investing company under the AIM Rules (which requires the raising of at least £6 million) failing which, the Company's New Ordinary Shares would then be suspended from trading on AIM pursuant to AIM Rule 40. Admission to trading on AIM would be cancelled six months from the date of suspension should the reason for the suspension not have been rectified.**

Key sections of the Circular are reproduced below. Capitalised terms not otherwise defined, shall have the same meanings as set out in the Circular.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

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### **Background to the Proposals**

The Company was incorporated on 11 January 2005 and its shares were admitted to trading on AIM on 18 February 2005. The Company's strategy was to make investments in the mining and minerals sectors and specifically in the uranium sector.

On 3 April 2012, Uranium Resources announced it had raised £3.93 million (gross) through a Placing of 163,750,000 new ordinary shares of 0.1 pence each in the Company at a price of 2.4 pence per ordinary share. The funds raised were used to support the development of the Mtonya Project located 100 kilometres east of Songea in southern Tanzania. As a consequence of the placing, the Company's major shareholder, Estes, increased its holding in the Company to 56 per cent. of the issued share capital. At this time the Company was not subject to the UK Takeover Code.

On 26 March 2013 the Company entered into a US\$1 million loan agreement with Estes to fund working capital requirements pending the publication of its maiden mineral resource estimate at Mtonya.

On 3 May 2013 the Company announced that it had completed a maiden CIM-compliant Mineral Resource estimate for Mtonya. The Mineral Resource Estimate was prepared by Roscoe Postle Associates Inc. of Toronto, Ontario. The CIM Inferred Resource estimate

was 3.6 million tonnes at 255 ppm U<sub>3</sub>O<sub>8</sub> containing 2.0 Mlb U<sub>3</sub>O<sub>8</sub>. The resource estimate was based on 159 diamond drillholes (38,591m) completed by the Company in 2010 to 2012. Only assays of drill core samples were used in the resource estimate. The Directors expect that the resource will be amenable ISR, the most-cost effective and environmentally-acceptable method of uranium extraction.

The market for uranium has been depressed since the Fukushima disaster in Japan in 2011 following which many countries reassessed or cancelled their nuclear power programmes. The market has remained subdued and the Directors do not believe the price of uranium will return to higher levels in the near term.

Notwithstanding this, the Directors believed the potential low-cost extraction of uranium at Mtonya via ISR would mean that the project could be developed economically should the market for U<sub>3</sub>O<sub>8</sub> improve. However, given the state of the uranium market, no further drilling activity was undertaken at Mtonya and the Company focused on evaluating the existing exploration work and also began discussions with a potential strategic partner with a uranium exploration project in Tanzania. In order to fund the Company's ongoing working capital requirements, and avoid dilution for Shareholders, the Company entered into a series of loans with Estes which continued to support the Company financially.

On 5 July 2017, the Company announced that Estes, which currently holds 55.1 per cent. of the issued share capital, remained supportive of the Company and would fund ongoing working capital requirements while the Company reviewed alternative financial arrangements.

The Directors believe that the Mtonya licence requires significant additional funds to undertake further exploration drilling to increase the size of the resource and consider that such a drilling programme cannot be justified given the current depressed uranium market. In addition, the Directors do not believe that such a significant equity fundraise would be achievable without offering a large discount to the current share price. Estes has also informed the Board that it is unwilling to continue lending the Company funds for working capital purposes. However it has indicated that it would be willing to acquire Mtonya in partial settlement of the debt owed to Estes by the Company. The partial settlement will be in the amount of US\$1.2 million. In addition, Estes is also willing to capitalise the remaining debt owed to it by the Company of US\$870,000 at a price of 0.5p per Share.

The Board is therefore faced with a situation where it could propose to seek cancellation of the Company's AIM admission to AIM, but then there would effectively be no market in the

Existing Ordinary Shares, and without financial support from Estes, the Directors would have to consider placing the Company into administration or, and as proposed in this Circular, the Board could dispose of Mtonya, introduce new funds, appoint new directors, and look to adopt a new strategy.

Having considered these alternatives at length with a number of its advisers, the Board has concluded that the best available option is to dispose of Mtonya to Estes, recapitalise the Company and introduce new directors.

### **The Disposal and Related Party Transaction**

The Disposal will take place in the form of the transfer of, inter alia, the entire issued share capital of the Subsidiaries by the Company to Estes for a consideration of US\$1.2 million in partial settlement of the debt owed to it by the Company. The Directors believe this is an attractive offer as it is 25 per cent. higher than the top of the fair market range provided in the Micon report.

The Transfer Agreement contains basic warranties as to capacity and authority and title from the Company and no other warranties. The Transfer Agreement also contains an indemnity from Estes to the Company in relation to any liability arising as a result of the Transfer.

Under AIM Rule 15, the Disposal constitutes a fundamental change of business of the Company. On Completion, the Company would cease to own, control or conduct all or substantially all, of its existing trading business, activities or assets and would therefore become an AIM Rule 15 cash shell.

The Disposal is also a related party transaction under AIM Rule 13 as Estes is a substantial shareholder in the Company.

The Independent Directors consider, having consulted with Northland (the Company's nominated adviser), that the terms of the Disposal are fair and reasonable insofar as the Company's Shareholders are concerned. The Independent Directors have taken into account the following:

1. the continuing depressed state of the uranium market;
2. the significant funds required to undertake a meaningful drilling programme at the Mtonya Project to expand the resource;

3. the lack of appetite amongst investors to fund early stage exploration projects such as Mtonya in the present market conditions;
4. the indication from Estes that it will no longer fund the ongoing working capital requirements of the Company and the likely administration of the Company if no alternative funding is secured;
5. the independent third-party valuation report by Micon;
6. the favourable transaction terms offered by Estes which represent a significant premium to the top of the fair market range provided in the Micon report; and
7. the willingness of Estes to capitalise its remaining loan balance at a price of 0.5p per Share.

**Following Completion, the Company will be classified as an AIM Rule 15 cash shell and as such will be required to make an acquisition or acquisitions which constitutes a reverse takeover under AIM Rule 14 (including seeking re-admission as an investing company (as defined under the AIM Rules)) on or before the date falling six months from Completion or be re-admitted to trading on AIM as an investing company under the AIM Rules (which requires the raising of at least £6 million) failing which, the Company's New Ordinary Shares would then be suspended from trading on AIM pursuant to AIM Rule 40. Admission to trading on AIM would be cancelled six months from the date of suspension should the reason for the suspension not have been rectified.**

#### **Capitalisation of remaining Estes loan balance and amounts owed to Existing Directors**

As at the date of the General Meeting, Estes will be owed a total of US\$2,070,000. This consists of four fully drawn down loans and associated accrued interest and an additional loan from Estes of approximately US\$25,000. Following the Disposal, Estes will be owed US\$870,000. Estes has agreed with the Company to capitalise the balance owed to it into Existing Ordinary Shares at a price of approximately 0.5p per Share. As a result Estes will be issued with 139,200,000 Existing Ordinary Shares.

As at 11 December 2017, Existing Directors of the Company Alex Gostevskikh and James Pratt will be owed outstanding salaries/fees of £312,000 and £9,014 respectively. Mr Gostevskikh and Mr Pratt have agreed to write off approximately 90 per cent. and 45 per cent. of the fees owed to them such that the Company will owe them £30,000 and £5,000 respectively and these amounts will be converted into New Ordinary Shares at the Placing

Price following the Share Capital Reorganisation. As a result Mr Gostevskikh and Mr Pratt will be issued with 6,666,667 and 1,111,111 New Ordinary Shares respectively.

Estes and Alex Gostevskikh have agreed that they will not, save in certain circumstances, during the three months following Completion directly or indirectly transfer, sell or otherwise dispose of, or enter into any agreement to do the same, in respect of the legal or beneficial ownership of their New Ordinary Shares. They also undertake that for the period between three and six months after Completion they shall only transfer, sell or otherwise dispose of, or enter into any agreement to do the same through Peterhouse. In addition, James Pratt has agreed that, for a period of six months after Completion, he shall only transfer, sell or otherwise dispose of the legal or beneficial ownership of his New Ordinary Shares, or enter into any agreement to do the same through Peterhouse.

### **Placing and Bonus Warrant Issue**

In order to recapitalise the Company, Peterhouse and the Proposed Directors have conditionally raised £900,000 at 0.45p per Placing Share, through the placing of 200,000,000 New Ordinary Shares representing 74.7 per cent of the Enlarged Share Capital following approval of the Share Capital Reorganisation and Completion. The Placing Shares will be issued following and conditional upon the passing of the Resolutions.

Following completion of the Proposals, the Company will be an AIM Rule 15 cash shell with cash of approximately £840,000 net of commission to brokers and other transaction costs.

In order to provide existing shareholders with some ability to subscribe should they so choose on the same terms as the Placing Warrants, the Board proposes subject to regulatory prohibitions relating to marketing securities in certain jurisdictions, to issue new warrants to Qualifying Shareholders on the record date on a pro rata basis of one Bonus Warrant for every two New Ordinary Shares held (the "Bonus Warrant Issue") at an exercise price of 0.9p per share. Further terms of the proposed Bonus Warrant Issue are set out below.

### **Proposed Directors Upon Completion of the Disposal**

Subject to the Resolutions being passed, it is proposed that Peter Redmond and Melissa Sturgess join the Board as Chairman and Executive Director respectively. All of the Existing Directors, with the exception of Alex Gostevskikh will resign from office upon passing of the

Resolutions with no compensation for loss of office, and will waive all claims against the Company under their appointment letters.

*Peter Redmond – Chairman*

Peter Redmond is a corporate financier with over 30 years of experience in corporate finance and venture capital. He has acted on and assisted a wide range of companies to attain a listing over many years on the Unlisted Securities Market, the Main Market of the London Stock Exchange and AIM, whether by IPO or in many cases via reverse takeovers, across a wide range of sectors, ranging from technology through financial services to natural resources and, in recent years has done so as a director of the companies concerned. He was a founder director of Cleeve Capital plc (now Satellite Solutions Worldwide Group plc) and Mithril Capital plc (now Be Heard Group plc), both listed on AIM, and took a leading role in the reconstruction and refinancing of AIM-quoted Kennedy Ventures plc and 3Legs Resources plc (now SalvaRx Group plc). He is a director of Hemogenyx plc and Pires Investments plc.

*Melissa Sturgess – Executive Director*

Melissa Sturgess holds a BSc and an MBA and has many years of experience as a director of AIM and ASX quoted companies. She was most recently a key driver in the successful recapitalisation of Messaging International plc during 2016 which subsequently changed its name to SigmaRoc Plc, acquired a building materials business via a reverse takeover and raised £50 million from a range of investors in the Channel Islands and the UK.

## **Share Capital Reorganisation**

Under the Companies Act, the Company is not able to raise funds at the Placing Price. The Company is therefore proposing to undertake the Share Capital Reorganisation so that it can raise further equity capital via the Placing at the Placing Price.

The Share Capital Reorganisation will be achieved through the subdivision of each Existing Ordinary Share of 0.1p into one ordinary share of 0.01p and one Deferred Share of 0.09p.

Following the subdivision the ordinary shares of 0.01p will be consolidated on a 15 for 1 basis to create New Ordinary Shares. Therefore following the Disposal and Share Capital Reorganisation there will be 59,788,833 New Ordinary Shares in issue of 0.15p each.

The rights attaching to the New Ordinary Shares will be identical in all respects to those of the Existing Ordinary Shares.

If the Proposals are approved, the New Ordinary Shares will trade under the new name of the Company. New share certificates will be issued to Shareholders holding share certificates as a result of the Company's name change and Share Capital Reorganisation. Share certificates will be sent by second class post at the risk of the Shareholder.

### **The Placing**

The Existing Directors and Proposed Directors have agreed that, following the Disposal and the capitalisation of the balance of the loans owed to Estes, the value of the Company will be £300,000.

Conditional upon the approval of the Proposals at the General Meeting, Peterhouse and the Proposed Directors have placed 200,000,000 New Ordinary Shares at a price of 0.45p raising £900,000 before expenses of approximately £60,000, together with a 1 for 2 attaching warrant (the "Placing Warrants") exercisable at 0.9p per New Ordinary Share, three months from the date of grant and for a period of 12 months from the date of grant or until the Company completes a transaction which constitutes a reverse takeover in accordance with AIM Rule 14 (the "Final Exercise Date") whichever is earlier. If any of the Placing Warrants remain unexercised on the Final Exercise Date, they will expire.

It is expected that the New Ordinary Shares will be admitted to trading on AIM on or around 21 December 2017. The Placing Warrants will not be traded on AIM or any other public market, and will be issued on the same terms and conditions as the Bonus Warrants as set out below.

Additionally, conditional on the Proposals being approved by Shareholders at the General Meeting, the Company has agreed to issue Northland and Peterhouse an option to subscribe for New Ordinary Shares at the Placing Price equal to 1 per cent. of the Enlarged Share Capital of the Company, exercisable at the Placing Price for up to five years.

### **Bonus Warrant Issue**

The Board proposes that a bonus issue of warrants will be made to the existing shareholders of the Company. Accordingly, the record date for the Bonus Warrant Issue is 4.30 p.m. on 20 December 2017.

One Bonus Warrant is proposed to be issued for every two New Ordinary Shares held by Qualifying Shareholders (subject to certain regulatory restrictions referred to below). Based on the issued share capital of 59,233,921 New Ordinary Shares, the Company would therefore issue a maximum of 29,616,961 Bonus Warrants. The Bonus Warrants would represent approximately 11.2 per cent. of the Enlarged Share Capital prior to exercise.

The Bonus Warrants, which will not be traded on AIM or any other public markets, will be eligible for exercise from three months from date of grant for a period of 12 months from the date of grant or until the Company completes a transaction which constitutes a reverse takeover in accordance with AIM Rule 14 (the "Final Exercise Date"). If any of the Bonus Warrants remain unexercised on the Final Exercise Date, they will expire. The exercise price of the Bonus Warrants will be 0.9p per New Ordinary Share.

The instrument constituting the Bonus Warrants will contain other provisions typically found in such instruments, including those relating to the adjustment of the terms of the Bonus Warrants, protections for holders of Warrants and the procedures for the modification of the rights of the Bonus Warrants. Following the issue of the Bonus Warrants, a copy of the instrument constituting them will be available to download from the Investor Relations section of the Company's website: [www.uraniumresources.co.uk](http://www.uraniumresources.co.uk).

The Bonus Warrants will be subject to eligibility requirements on issue. Such requirements result from pre-existing securities law restrictions applicable to certain jurisdictions such as the United States of America. The Bonus Warrant Issue will not be extended to, and the Bonus Warrants will not be issued to and may not subsequently be exercisable by, shareholders in a restricted jurisdiction. Notwithstanding the above, the Company will reserve the right to permit any shareholder to take up Bonus Warrants under the Bonus Warrant Issue if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the applicable restrictive legislation or regulations.

The Directors (save for James Pratt) and Estes will not exercise their right to take up their entitlement under the Bonus Warrant Issue.

## **Change of Name**

Subject to Shareholders' approval of the Proposals, it is proposed that the name of the Company be changed to URA Holdings plc. The TIDM will remain URA.

## **Proposed Directors' Remuneration Package**

As set out below, subject to completion of the Proposals and the adoption of a Share Option Plan, it is proposed that each of the Proposed Directors enter into a letter of appointment with the Company pursuant to which they will each be appointed as directors of the Company for an initial term of one year and that they will each be paid £12,000 per annum, monthly in arrears. In addition, each Proposed Director will receive a bonus equivalent to £1,000 per month, or £6,000, whichever is greater, when the Company completes a transaction which constitutes a reverse takeover under the AIM Rules.

In addition, it is intended that, subject to completion of the Proposals and any approvals required for the adoption thereof being obtained, the Company will adopt a Share Option Plan over, in aggregate, 15 per cent. of the Enlarged Share Capital, exercisable at the Placing Price at any time for a period of five years. The Share Option Plan will be put in place in order to incentivise the Proposed Directors of the Company and certain key staff and individuals. Of these options, it is proposed that each of the Proposed Directors is awarded options over 2.5 per cent of the issued share capital of the Company. In addition, Mike Langoulant, who will undertake the financial management functions of the Company and Colin Weinberg, who will provide consultancy services to the Company, will each be awarded options over 2.5 per cent. of the issued share capital of the Company. The remaining options will be awarded in the future to key staff and individuals at the discretion of the directors.

## **Share Option Plan**

Under the rules of the Share Option Plan the following provisions are proposed:

### *Grant*

(a) the Board may select and grant options to, from time to time in its absolute discretion, any number of persons ("Eligible Participants") who are at the intended date of grant a director, officer, employee of the Company or one of its subsidiaries;

- (b) the exercise of an option may be subject to the satisfaction of performance conditions specified by the Board at the date of grant of the option;
- (c) if the Board reasonably considers events have affected the viability of such performance conditions and that they no longer represent a fair measure of performance, the Board may waive or vary them so long as the variation does not result in more onerous performance conditions;
- (d) the Board determines (at the date of grant) the exercise period during which an option holder may exercise an option to end no later than the day prior to the tenth anniversary on the date of grant;
- (e) it is a condition of a grant of an option that each option holder indemnifies the Company (if permitted by law) against any income tax and/or employee national insurance contribution charges or any similar employment or withholding tax or costs arising in the territory of residence and/or employment of the option holder, resulting from the grant, exercise, disposal or release of an option; and
- (f) no more than 15 per cent. of the Enlarged Share Capital may be issued under the Share Option Plan.

#### *Exercise*

- (a) each option shall be exercisable only by the option holder to whom it is granted (or his personal representative) and may not be transferred, assigned or charged and the option shall lapse on any purported transfer assignment or charge by the option holder;
- (b) if an option holder dies, then an unvested Option may be exercised within twelve months after death but within the exercise period;
- (c) if an option holder ceases to be an Eligible Employee by reason of ill health, injury, disability, redundancy or retirement an unvested option may be exercised within 120 days of cessation;
- (d) if an option holder ceases to be an Eligible Employee for any other reason an unvested option may only be exercised with the discretion of the Board; and
- (e) if an offer is made which may result in a change of control of the Company the Board is entitled to notify the option holders and allow them to exercise their options within six months of the completion of the change of control.

#### *Amendments*

- (a) in the event of a capitalisation, or rights issue or sub-division or consolidation or reduction or otherwise the Board may make appropriate adjustments to the number of shares under option and the price at which shares may be acquired on exercise; and

(b) the Board may amend the rules at any time, except that shareholder approval is required to amend the limit of the relevant plan, and cannot make alterations which would materially increase the liability of an option holder or which may materially decrease the value of his subsisting rights attached to any option without the option holder's consent.

*Proposed Option Issues*

The following are the option issues proposed to be made under the Share Option Plan:

Option holder	Options over New Ordinary Shares	Exercise price per option	Expiry date	Percentage of Enlarged Share Capital (%)
Melissa Sturgess	6,689,165	0.45p	19 Dec 2022	2.5
Peter Redmond	6,689,165	0.45p	19 Dec 2022	2.5
Colin Weinberg	6,689,165	0.45p	19 Dec 2022	2.5
Michael Langoulant	6,689,165	0.45p	19 Dec 2022	2.5
Unallocated	13,378,331	0.45p	19 Dec 2022	5

The grant of options is conditional on the passing of the Resolutions.

The proposed Share Option Plan for the Proposed Directors of the Company and certain key staff and individuals constitutes a related party transaction under the AIM Rules. Alex Gostevskikh, who is the independent director for the purposes of the Share Option Plan, having consulted with Northland, the Company's nominated adviser, considers that the terms of the Share Option Plan are fair and reasonable insofar as the Company's Shareholders are concerned.

**New Strategy and Use of Proceeds**

The Company's proposed strategy, following the Disposal, will be to acquire a substantial business that is seeking an AIM quoted platform. The Directors will be agnostic in relation to sector but will focus on an acquisition that can create significant value for shareholders in the form of capital growth and/or dividends. The net use of proceeds from the Placing will be

used for general working capital purposes and to investigate suitable acquisition opportunities.

### **Recommendation**

The Existing Directors intend to vote in favour of the Resolutions in respect of their shareholdings which in aggregate amount to 5,940,000 Existing Ordinary Shares representing 0.8 per cent. of the existing ordinary share capital. In addition, the Company has received an irrevocable undertaking from Estes to vote favour of the Resolutions in respect of its shareholding of 417,354,167 Existing Ordinary Shares representing 55.1 per cent. of the existing ordinary share capital.