



## Notice of Annual General Meeting

Applied Graphene Materials plc (the Company)  
(incorporated in England and Wales  
with registered number 08708426)

The Farndale Room  
The Wilton Centre  
Redcar  
Cleveland TS10 4RF

Tuesday 20 December 2016, 11am

## Notice of Annual General Meeting

### Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of the Company will be held at The Farndale Room, The Wilton Centre, Redcar, Cleveland TS10 4RF on Tuesday 20 December 2016 at 11am for the purposes set out below.

Any shareholder intending to attend the Annual General Meeting is advised to arrive early and well before 11am, in order to allow time to pass through The Wilton Centre's security and admission procedures.

#### Ordinary resolutions

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1. To receive the financial statements of the Company for the financial year ended 31 July 2016 together with the reports of the Directors and the auditors in respect of that financial year.
2. To re-appoint Michael Sean Christie, who is retiring by rotation in accordance with the Articles of Association of the Company, as a Director of the Company.
3. To re-appoint Jon Peter Mabbitt, who is retiring by rotation in accordance with the Articles of Association of the Company, as a Director of the Company.
4. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at which financial statements are laid.
5. To authorise the Directors to fix the remuneration of the auditors of the Company.
6. That the Directors be and they are hereby generally and unconditionally authorised to allot shares in the Company and grant rights to subscribe for or to convert any security into shares in the Company as follows:
  - 6.1 up to an aggregate nominal amount of £146,925.03 in the form of equity securities (as defined in Section 560 of the Companies Act 2006) in connection with an offer or issue by way of rights, open for acceptance for a period fixed by the Directors, to holders of Ordinary shares (other than the Company) on the register on any record date fixed by the Directors in proportion (as nearly as may be) to the respective number of Ordinary shares deemed to be held by them, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange, or any other matter whatsoever; and
  - 6.2 up to an aggregate nominal amount of £146,925.03 (whether in connection with the same offer or issue as under paragraph 6.1 or otherwise).

This authority shall expire (unless previously varied as to duration, revoked or renewed by the Company in general meeting) at the end of the next Annual General Meeting of the Company or, if earlier, at the close of business on the date falling 15 months after the passing of this resolution, except that the Company may, during the relevant period, make any offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends, and the Directors may allot shares or grant such rights in pursuance of such offer or agreement as if the authority had not ended.

#### Special resolution

To consider and, if thought fit, pass the following resolution, which will be proposed as a special resolution:

7. That the Directors be and they are hereby empowered pursuant to Section 570 of the Companies Act 2006 to allot equity securities (as defined in Section 560 of that Act) for cash pursuant to the general authority conferred on them by resolution 6 and/or to sell equity securities held as treasury shares for cash pursuant to Section 727 of the Companies Act 2006, in each case as if Section 561 of that Act did not apply to any such allotment or sale, provided that this power shall be limited to:
  - 7.1 any such allotment and/or sale of equity securities in connection with an offer or issue by way of rights or other pre-emptive offer or issue, open for acceptance for a period fixed by the Directors, to holders of Ordinary shares (other than the Company) on the register on any record date fixed by the Directors in proportion (as nearly as may be) to the respective number of Ordinary shares deemed to be held by them, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange, or any other matter whatsoever; and

**Special resolution** *continued*

7.2 any such allotment and/or sale, otherwise than pursuant to paragraph 7.1 of this resolution, of equity securities having, in the case of Ordinary shares, an aggregate nominal value or, in the case of other equity securities, giving the right to subscribe for or convert into Ordinary shares having an aggregate nominal value not exceeding £22,038.75.

This authority shall expire (unless previously varied as to duration, revoked or renewed by the Company in general meeting) at the end of the next Annual General Meeting of the Company or, if earlier, at the close of business on the date following 15 months after the passing of this resolution, except that the Company may, during the relevant period, make any offer or agreement which would or might require equity securities to be allotted after the authority ends and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority had not ended.

By order of the Board

**Oliver James Lightowlers**  
**Company Secretary**

**Registered office**  
**The Wilton Centre**  
**Redcar**  
**Cleveland**  
**TS10 4RF**

31 October 2016

### Notes relating to Notice of Annual General Meeting and proxy appointments

Amongst other things, the following notes explain your right to attend and vote at the Annual General Meeting or to appoint someone else to vote on your behalf.

1. A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies of their own choice to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting. A member can only appoint a proxy using the procedures set out in these notes and the notes to the accompanying form of proxy.
2. 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. A member may not appoint more than one proxy to exercise rights attached to any one share. The proxy need not be a member of the Company, but must attend the meeting to represent the member. Please refer to the notes to the form of proxy for further information on appointing a proxy, including how to appoint multiple proxies.
3. In the absence of instructions, the person appointed proxy may vote or abstain from voting as he/she thinks fit on the specified resolutions and, unless otherwise instructed, may also vote or abstain from voting on any other matter (including amendments to the resolutions) which may properly come before the meeting.
4. 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. For this purpose seniority is determined by the order in which the names of the holders stand in the Company's Register of Members in respect of the joint holding.
5. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member, provided that each representative is appointed to exercise the rights attached to a different share or shares held by the member.
6. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), the Company specifies that only those members registered on the Register of Members at close of business on the day which is two days before the date of the meeting (the Specified Time) (or if the meeting is adjourned to a time more than 48 hours after the Specified Time, by close of business on the day which is two days prior to the time of the adjourned meeting) shall be entitled to attend and vote thereat in respect of the number of shares registered in their name at that time. If the meeting is adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purposes of determining the entitlement of members to attend and vote (and for the purposes of determining the number of votes they may cast) at the adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining rights to attend and vote.

#### **Appointment of proxy using hard copy proxy form**

7. Members may appoint a proxy or proxies by completing and returning a form of proxy by post to the offices of the Company's registrars using the business reply address on the form, or in an envelope addressed to Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, or delivering a form of proxy by hand to the offices of the Company's registrars, Capita Asset Services, 34 Beckenham Road, Beckenham, Kent BR3 4TU, during normal business hours. In the case of a member which is a corporation, the proxy form must be executed under its common seal or signed on its behalf by a duly authorised officer or an attorney. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power of authority) must be included with the proxy form. Any such power of attorney or other authority cannot be submitted electronically.
8. To be effective, the appointment of a proxy, or the amendment to the instructions given for a previously appointed proxy, must be received by the Company's registrars by the method outlined in note 7 above not less than 48 hours before the time and date scheduled for the meeting. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

#### **Appointment of proxy using CREST electronic proxy appointment service**

9. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available from <https://www.euroclear.com/site/public/EUI>). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
10. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID: RA10) by the latest time(s) for receipt of proxy appointments specified in this Notice. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

### **Appointment of proxy using CREST electronic proxy appointment service** *continued*

11. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

### **Termination of proxy appointments**

13. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting.
14. In order to terminate the authority of a proxy, or a corporate representative of a corporation, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke such appointment to the Company's registrars. To be effective, the notice of termination must be received by the Company's registrars by the method outlined in note 7 no later than 24 hours before the time and date scheduled for the meeting.

### **Voting rights**

15. As at 21 October 2016, being the latest practicable date prior to the printing of this Notice, the Company's issued capital consisted of 22,038,755 Ordinary shares carrying one vote each. Therefore, the total voting rights in the Company as at 21 October 2016 are 22,038,755.

### **Communications**

16. This Notice, together with information about the total numbers of shares in the Company in respect of which members are entitled to exercise voting rights at the meeting as at 21 October 2016, being the latest practicable date prior to the printing of this Notice, will be available on the Company's website, [www.appliedgraphenematerials.com](http://www.appliedgraphenematerials.com).
17. Except as provided above, members who have general queries about the Annual General Meeting should contact the Company Secretary (01642 438214; The Wilton Centre, Redcar, Cleveland TS10 4RF). No other methods of communication will be accepted. Any electronic address provided either in this Notice or in any related documents (including the form of proxy) may not be used to communicate with the Company for any purposes other than those expressly stated.

### **Documents available for inspection**

18. There are available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), and there will be available for inspection at the place of the meeting from at least 15 minutes prior to and until the conclusion of the meeting:
  - 18.1 copies of the service contracts of Executive Directors of the Company; and
  - 18.2 copies of the letters of appointment of the Non-Executive Directors of the Company.

## Explanatory notes to the resolutions to be proposed at the Annual General Meeting of the Company

The resolutions to be proposed at the Annual General Meeting to be held on Tuesday 20 December 2016 at 11am are set out in the Notice of Annual General Meeting. The following notes provide brief explanations of the resolutions being put to shareholders.

### **Ordinary resolutions**

Resolutions 1 to 6 are proposed as ordinary resolutions. These resolutions will be passed if more than 50% of the votes are cast in favour of them.

### **Resolution 1 - Laying of financial statements**

The Directors are required to present to shareholders at the Annual General Meeting the audited financial statements of the Company and the reports of the Directors and auditors for the financial year ended 31 July 2016.

### **Resolutions 2 and 3 - Re-appointment of Directors**

The Company's Articles of Association require one third of the Directors to retire from office each year. Each of Jon Peter Mabbitt and Michael Sean Christie is retiring and seeks re-appointment at the Annual General Meeting.

Having considered the performance of and contribution made by the Directors standing for re-appointment, the Board remains satisfied that the performance of each of them continues to be effective and demonstrate commitment to the role and as such the Board recommends their re-appointment. Biographies of Jon Peter Mabbitt and Michael Sean Christie appear on pages 16 and 17 of the Company's Annual Report and Financial Statements and on the Company's website at [www.appliedgraphenematerials.com](http://www.appliedgraphenematerials.com).

### **Resolution 4 - Appointment of auditors**

The Companies Act 2006 requires that auditors be appointed at each general meeting at which financial statements are laid to hold office until the next such meeting. PricewaterhouseCoopers LLP have indicated their willingness to stand for re-appointment as auditors of the Company until the conclusion of the next Annual General Meeting. The Company's Audit Committee keeps under review the independence and objectivity of the external auditors and further information can be found in the Annual Report and Financial Statements on page 19. After considering the relevant information, the Audit Committee has recommended to the Board that PricewaterhouseCoopers LLP be re-appointed as auditors.

### **Resolution 5 - Authorising and fixing the remuneration of the auditors**

It is normal practice for shareholders to resolve at the Annual General Meeting that the Directors decide on the level of remuneration of the auditors for the audit work to be carried out by them in the next financial year. The amount of the remuneration paid to the auditors for the next financial year will be disclosed in the next audited financial statements of the Company.

### **Resolution 6 - Authority to allot shares**

The Directors may only allot shares or grant rights over shares if authorised to do so by shareholders. The authority granted at the last Annual General Meeting to allot shares or grant rights to subscribe for, or convert any security into, shares is due to expire at the conclusion of this year's Annual General Meeting.

The Investment Association (IA) guidelines on authority to allot shares state that IA members will permit, and treat as routine, resolutions seeking authority to allot shares representing up to one third of a company's issued share capital. In addition they will treat as routine a request for authority to allot shares representing an additional one third of the company's issued share capital provided that it is only used to allot shares for the purpose of a fully pre-emptive rights issue.

Accordingly, resolution 6, if passed, would authorise the Directors under Section 551 of the Companies Act 2006 to allot new shares or grant rights to subscribe for, or convert any security into, new shares (subject to shareholders' pre-emption rights) up to a maximum nominal amount of £293,850.06, representing the IA guideline limit of approximately 66% of the Company's issued share capital.

Resolution 6.1 would give the Directors authority to allot new shares or grant rights to subscribe for, or convert any security into, new shares up to an aggregate nominal value of £146,925.03, representing approximately one third of the Company's issued share capital, in connection with a rights issue in favour of Ordinary shareholders.

### **Resolution 6 – Authority to allot shares** *continued*

Resolution 6.2, if passed, would give the Directors general authority to allot new shares or grant rights to subscribe for, or convert any security into, new shares up to an aggregate nominal value of £146,925.03, representing approximately one third of the Company's issued share capital. As resolution 6.2 imposes no restrictions on the way the authority may be exercised, it could be used in conjunction with resolution 6.1 so as to enable the whole two thirds to be used in connection with a rights issue. Where the usage of this authority exceeds one third of the issued share capital, the Directors intend to follow best practice as regards its use (including as to the requirement for all Directors to stand for re-election at the next Annual General Meeting of the Company).

The authority will expire at the earlier of the conclusion of the next Annual General Meeting of the Company and close of business on the date falling 15 months after the passing of this resolution 6.

Passing this resolution 6 will ensure that the Directors continue to have the flexibility to act in the best interests of shareholders, when opportunities arise, by issuing new shares. There are no current plans to issue new shares except in connection with employee share schemes.

The Company does not at present hold any shares in treasury.

### **Special resolution**

Resolution 7 is proposed as special resolution. This resolution will be passed if not less than 75% of the votes are cast in favour.

### **Resolution 7 – Disapplication of pre-emption rights**

The Companies Act 2006 requires that if the Company issues new shares or grants rights to subscribe for or to convert any security into shares for cash, it must first offer them to existing shareholders in proportion to their current holdings. In certain circumstances, it may be in the best interests of the Company to allot shares (or to grant rights over shares) for cash without first offering them proportionately to existing shareholders. This cannot be done under the Companies Act 2006 unless the shareholders have first waived their pre-emption rights. In accordance with investor guidelines, therefore, approval is sought by the Directors to issue a limited number of Ordinary shares for cash without first offering them to existing shareholders.

Resolution 7 seeks to renew the Directors' authority to issue equity securities of the Company for cash without application of pre-emption rights pursuant to Section 561 of the Companies Act 2006. Other than in connection with a rights or other pre-emptive issue, scrip dividend, or other similar issue, the authority contained in this resolution would be limited to a maximum nominal amount of £22,038.75 (which would equate to 1,101,937 Ordinary shares of 2 pence each), representing approximately 5% of the Company's issued share capital.

Resolution 7 seeks a disapplication of the pre-emption rights on a rights issue or other pre-emptive offer so as to allow the Directors to make exclusions or such other arrangements as may be appropriate to resolve legal or practical problems which might arise, for example, with overseas shareholders. If passed, this authority will expire at the same time as the authority to allot shares given pursuant to resolution 6 (Authority to allot shares).

Save for share issues in respect of employee share schemes and any share dividend alternatives, the Directors have no current plans to utilise either of the authorities sought by resolutions 6 (Authority to allot shares) and 7 (Disapplication of pre-emption rights), although they consider their renewal appropriate in order to retain maximum flexibility to take advantage of business opportunities as they arise. The Directors intend to follow best practice set out in the Pre-emption Group's Statement of Principles to the effect that use of this authority in excess of 7.5% of the Company's issued share capital in a rolling three year period would not take place without prior consultation with shareholders.

