



SPRUE AEGIS

23 May 2017

To the holders of Ordinary Shares

Notice of Annual General Meeting of Sprue Aegis plc (“Sprue” or the “Company”)

Dear Shareholder

I am pleased to write to you with details of Sprue’s forthcoming Annual General Meeting (“AGM”) which is to be held at **10.30 a.m. on 15 June 2017** at Forest Arden Marriot Hotel, Maxstoke Lane, Meriden, Birmingham, CV7 7HR, the formal business of which is set out in the enclosed Notice of AGM.

I enclose herewith a copy of the Company’s report and accounts for the year ended 31 December 2016, together with the Notice of AGM and a proxy form.

If you wish to vote on the resolutions but cannot attend the AGM, I would urge you to complete the enclosed proxy form and return it to the Company’s registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA as soon as possible and so as to be received by no later than 10.30 a.m. on 13 June 2017. Completion and return of a form of proxy does not preclude you from attending the AGM and voting in person if you wish to do so.

The Board considers that all the resolutions to be put to the AGM are in the best interests of the Company and its shareholders as a whole. Your Board will be voting in favour of each of the resolutions in respect of their own beneficial holdings and unanimously recommends shareholders to do likewise.

Yours faithfully

Graham Whitworth
Executive Chairman

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Sprue Aegis plc (the "Company") will be held at **10.30 a.m. on 15 June 2017** at Forest Arden Marriot Hotel, Maxstoke Lane, Meriden, Birmingham, CV7 7HR for the purposes of the following business:

Ordinary Business

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

1. To receive and adopt the annual accounts of the Company for the year ended 31 December 2016, together with the reports of the directors of the Company (the "Directors") and the auditors on those accounts.
2. To approve the Directors' remuneration report for the year ended 31 December 2016.
3. To re-elect as a director Nicholas Rutter who retires by rotation in accordance with the Company's articles of association and who, being eligible, offers himself up for re-election as a director of the Company.
4. To re-elect as a director John Gahan who retires by rotation in accordance with the Company's articles of association and who, being eligible, offers himself up for re-election as a director of the Company.
5. To re-elect as a director William Payne who retires by rotation in accordance with the Company's articles of association and who, being eligible, offers himself up for re-election as a director of the Company.
6. To re-elect RSM UK Audit LLP as auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to determine their remuneration.
7. To declare a final dividend of 5.5 pence per ordinary share in respect of the year ended 31 December 2016. The dividend will be paid on 7 July 2017 to shareholders on the record at 23 June 2017.

Special Business

To consider and, if thought fit, pass the following resolutions of which resolution 8 will be proposed as an ordinary resolution and resolutions 9 – 11 will be proposed as special resolutions:

8. THAT, the Directors of the Company are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company:
 - (a) comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to an aggregate nominal amount of £611,404.86 (including within such limit any shares issued or rights granted under paragraph (b) below) in connection with an offer by way of rights issue, open offer or other pre-emptive offer:
 - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings;

- (ii) to the holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

and subject to such exclusions or other arrangements as the Directors consider expedient in relation to fractional entitlements, legal, regulatory or practical problems under the laws of, or the requirements of any regulatory body or stock exchange in, any territory, or any other matter; and

- (b) in any other case up to an aggregate nominal amount of £305,702.42 (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in paragraph (a) above in excess of £305,702.42),

provided that such authority, unless renewed, varied or revoked by the Company shall expire on 14 September 2018 or, if earlier, the date 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 such an offer or agreement as if the authority conferred hereby had not expired.

This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company but is without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

9. THAT, subject to the passing of resolution 8, the Directors are generally authorised pursuant to section 570 of the Companies Act 2006 to allot equity securities (as defined in section 560(1) of the Companies Act 2006) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561(1) of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be limited:

- (a) to the allotment of equity securities in connection with any offer by way of rights or an open or other offer of relevant equity securities where the equity securities respectively attributed to the interests of all holders of relevant equity securities are proportionate (as nearly as may be) to the respective numbers of relevant equity securities held by them but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with equity securities which represent fractional entitlements or on account of either legal or practical problems arising in connection with the laws or requirements of any regulatory or other authority in any jurisdiction; and
- (b) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount of £45,855.36,

such authority to expire at the end of the next Annual General Meeting of the Company (or, if earlier, at the close of business on 14 September 2018) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

10. THAT, subject to the passing of resolution 8, the Directors are authorised in addition to any authority granted under resolution 9 to allot equity securities (as defined in section 560(1) of the Companies Act 2006) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561(1) of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be:

- (a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £45,855.36; and
- (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction

which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice,

such authority to expire at the end of the next Annual General Meeting of the Company (or, if earlier, at the close of business on 14 September 2018) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

11. THAT the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693(4) of that Act) of ordinary shares of £0.02 each in the Company provided that:
- (a) the maximum number of ordinary shares which may be purchased is 4,585,536 (representing 10 per cent of the Company's issued ordinary share capital as at the date of this Notice);
 - (b) the minimum price (exclusive of expenses) which may be paid for each ordinary share is £0.02;
 - (c) the maximum price (exclusive of expenses) which may be paid for each ordinary share is an amount equal to 105 per cent of the average of the middle market quotations of an ordinary share of the Company taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is contracted to be purchased;
 - (d) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on 14 September 2018 whichever is the earlier (unless previously renewed, varied or revoked by the Company in general meeting); and
 - (e) the Company may, before such expiry, enter into one or more contracts to purchase ordinary shares under which such purchases may be completed or executed wholly or partly after the expiry of this authority and may make a purchase of ordinary shares in pursuance of any such contract or contracts.

By order of the Board 23 May 2017

William Payne
Company Secretary

c/o Neville Registrars Limited
Neville House
18 Laurel Lane
Halesowen
West Midlands
B63 3DA

Notes:

1. As at 22 May 2017 (being the last business day prior to the publication of the Notice of Annual General Meeting) the Company's issued share capital consists of 45,855,365 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 22 May 2017 are 45,855,365.
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:
 - 6.00 p.m. on 13 June 2017; or
 - if this Meeting is adjourned, at 6.00 p.m. on the day two working days prior to the adjourned meeting,shall be entitled to attend and vote at the Annual General Meeting.
3. 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 they do not do so in relation to the same shares.
4. Please see the enclosed Proxy Form Notes for notes relating to proxies.