

# Notice of Annual General Meeting



**THIS DOCUMENT IS IMPORTANT. If you are in any doubt about its contents or as to the action you should take, you should consult your independent financial adviser. If you have sold or transferred all of your Melrose Resources plc Ordinary Shares you should send this complete document, together with the Proxy Form, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.**

## **LETTER FROM THE CHAIRMAN**

Melrose Resources plc  
No. 1 Portland Place  
London  
W1B 1PN

14 May 2010

Dear Shareholder

## **ANNUAL GENERAL MEETING**

On behalf of the Board of Melrose Resources plc, I enclose the following documents concerning your shareholding in the Company:

1. the Annual Report and Accounts for the year ended 31 December 2009;
2. notice of the forthcoming Annual General Meeting ("AGM") to be held at Tods Murray LLP, Edinburgh Quay, 133 Fountainbridge, Edinburgh EH3 9AG at 2.00 p.m. on 10 June 2010; and
3. a Form of Proxy for use at the AGM.

The business to be conducted at the AGM is set out and explained in the enclosed notice of the AGM.

**The Board believes that the proposals to be voted on at the AGM are in the best interests of the Company and its shareholders, and recommends that you vote in favour of all the resolutions.**

Yours sincerely

R F M Adair  
Chairman

# Notice of 2010 Annual General Meeting

The Annual General Meeting of Melrose Resources plc ("the Company") will be held at 2.00 p.m. on 10 June 2010 at Tods Murray LLP, Edinburgh Quay, 133 Fountainbridge, Edinburgh EH3 9AG for the following purposes:

Resolutions 1 to 9 are ordinary resolutions which means that more than 50% of the shareholders' votes cast must be in favour, to pass these resolutions. 10 and 11 are special resolutions which means that at least 75% of the shareholders' votes cast must be in favour, to pass these resolutions.

## Ordinary business

### **Resolution 1 – Annual report and accounts**

We will ask you to consider and to receive the Directors' report, the auditors' report and the Company's accounts for the year ended 31 December 2009.

*A copy of the annual report and accounts has been mailed to those shareholders who elected to receive communications by post and is available on the Company's website for all other shareholders on <http://www.melroseresources.com>. Copies of the annual report and accounts will also be available at the meeting.*

### **Resolution 2 – Proposed dividend**

We will ask you to approve the final dividend for the financial year ended 31 December 2009 of 3.1 pence per ordinary share.

*If approved, the final dividend will be paid to qualifying shareholders on 20 July 2010 to shareholders on the register of members at the close of business on 11 June 2010.*

### **Resolution 3 – Directors' remuneration report**

We will ask you to approve the Directors' remuneration report for the year ended 31 December 2009.

*The Directors' remuneration report may be found on pages 37 to 41 of the annual report and accounts.*

### **Resolution 4 – Appointment of auditors**

We will ask you to vote on the re-appointment of KPMG Audit plc as the Company's auditors and to authorise the Directors to agree the fees of the auditors.

### **Re-election and election of directors**

*Under the provisions for retirement by rotation in the Company's Articles of Association, David Thomas and James Agnew stand for re-election Anthony Richmond-Watson, by virtue of having served on the Board of the Company for nine years, will stand for re-election for only one year.*

### **Resolution 5 – Re-election of David Thomas**

We will ask you to vote on the re-election of David Thomas as an Executive Director of the Company.

*David Thomas holds a BSc in Mining Engineering and an MSc in Petroleum Engineering. He has over 30 years of experience in the oil and gas business, primarily gained in Europe, Africa and Asia. From 1978 to 1995 he worked with Conoco before moving to join Lasmo plc, where his last position was as Group General Manager Operations. Subsequently, he served as a Regional VP for Eni and then as President and COO for Centurion Energy, before joining Melrose in mid 2007. He has held Directorships with Centurion and many of Eni's international subsidiaries. He was appointed Chief Executive of Melrose in 2007.*

### **Resolution 6 – Re-election of James Agnew**

We will ask you to vote on the re-election of James Agnew as a Non-executive Director of the Company.

*James Agnew is currently chairman of UK Corporate Broking at Deutsche Bank. He joined Deutsche Bank in 2002 having previously been Head of Corporate Broking at Merrill Lynch from 1995 to 2002. He is a member of the Panel on Takeovers and Mergers, the UKLA Advisory Committee and the London Stock Exchange Primary Markets Group. James qualified as a CA with KPMG. He was appointed an independent Non-executive Director of Melrose in November 2007.*

### **Resolution 7 – Re-election of Anthony Richmond-Watson**

We will ask you to vote on the re-election of Anthony Richmond-Watson as a Non-executive Director of the Company.

*Anthony Richmond-Watson, the Senior Independent Non-executive Director, was Non-executive Chairman of Yule Catto & Co plc. For many years he was a Director of Morgan Grenfell & Co Limited and was Deputy Chairman of Morgan Grenfell Group plc from 1989 until his retirement in 1996. He was appointed an Independent Non-executive Director of Melrose in 1999.*

### **Resolution 8 – Authority to make political donations and/or incur political expenditure**

We will ask you, in accordance with section 366 of the Companies Act 2006 (the "2006 Act"), to approve the Company and all companies which are subsidiaries of the Company at any time during the period which this resolution has effect to:-

- (i) make political donations (as defined in section 364 of the 2006 Act) to political parties (as defined in section 363 of the 2006 Act), not exceeding £50,000 in total;
- (ii) make political donations (as defined in section 364 of the 2006 Act) to political organisations other than political parties (as defined in section 363 of the 2006 Act), not exceeding £50,000 in total; and
- (iii) incur political expenditure (as defined in section 365 of the 2006 Act) not exceeding £50,000 in total;

in each case during the period beginning with the date of the passing of this resolution and ending at the conclusion of the next AGM of the Company. In any event, the aggregate of political donations and political expenditure made or incurred by the Company and its subsidiaries pursuant to this resolution shall not exceed £50,000.

*This resolution is designed to deal with the rules on political donations contained in the 2006 Act. Under the 2006 Act political donations to any political parties, independent election candidates or political organisations or the incurring of political expenditure are prohibited unless authorised by shareholders in advance. What constitutes a political donation, a political party, a political organisation, or political expenditure is not easy to decide, as the legislation is capable of wide interpretation. Activities such as funding seminars and other functions to which politicians are invited, supporting certain bodies involved in policy review and law reform and making employee donations to certain charities may fall within this. Therefore, notwithstanding that, we have no intention either now or in the future of making any political donation or incurring any political expenditure, we have decided in accordance with corporate governance best practice to nevertheless seek shareholder approval in case any of the Company's normal activities are caught by the legislation, capped at £50,000. In the year to 31 December 2009 no political donations were made.*

### **Resolution 9 – Authority to allot shares**

We will ask you to vote on a resolution to give the Directors of the Company the authority to allot relevant securities (as defined in section 551 of the 2006 Act):

- i. up to a total nominal amount of £3,822,268; and
- ii. comprising equity securities (as defined in section 560 of the 2006 Act) up to a nominal amount of £7,644,537 (after deducting from such amount any relevant securities allotted under sub-paragraph i. above) in connection with an offer only by way of a rights issue (as defined in the Listing Rules of the United Kingdom Listing Authority), such offer being made to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings, but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange, and such authorities shall replace any existing authority and will last until the Company's next AGM in 2011 unless it is cancelled, changed or renewed before then in general meeting.

*The authority in sub-paragraph i. would give the directors the authority to allot relevant securities up to a nominal amount of £3,822,268 (representing 38,222,687 ordinary shares of the Company) which is equal to one third of the Company's issued share capital as at 13 May 2010, the latest practicable date prior to posting of this circular.*

*The authority in sub-paragraph ii., which takes account of the guidelines published by the Association of British Insurers on 30 November 2009, extends the previous limits, giving the directors the authority to allot ordinary shares in connection with a rights issue in favour of ordinary shareholders up to a maximum nominal amount of £7,644,537 (representing 76,445,375 ordinary shares of the Company) (as reduced by the nominal amount of any shares issued under sub-paragraph i). This amount (before any reduction) is equal to two-thirds of the Company's issued share capital as at 13 May 2010, the latest practicable date prior to posting this circular.*

*These authorities will be proposed for renewal at the next AGM of the Company. The Board has no specific plans to use these authorities. However, the Board is obtaining these authorities so that it can allot relevant securities at short notice and without the need to hold an extraordinary general meeting to obtain shareholder approval for the allotment. As at 13 May 2010, no shares were held by the Company in treasury.*

# Special Business

*Provided that Resolution 9 is approved at the AGM, you will be asked to vote on Resolution 10 which will be proposed as a special resolution.*

## **Resolution 10 – Power to allot shares for cash**

Provided Resolution 9 is passed, we will ask you to vote on a resolution to empower the Directors pursuant to section 570 of the 2006 Act to allot equity securities (as defined in section 560 of the 2006 Act) for cash pursuant to the authority referred to in Resolution 9, above, as if section 561(1) of the 2006 Act did not apply to such allotment, provided that this power is limited to:

- i. the allotment of equity securities in connection with an offer of such securities (but in the case of the authority granted under paragraph ii. of Resolution 9, by way of rights issue or open offer only) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
- ii. in the case of the authority granted under paragraph i. of Resolution 9, the allotment of equity securities (otherwise than as described in (i) above) up to an aggregate nominal value of £573,340 being 5,733,403 ordinary shares of the Company.

This power will replace any existing power and will remain in force until the Company's next AGM in 2011 unless it is cancelled, changed or renewed before then in general meeting.

*This authority, which is renewed at each AGM of the Company, allows the Directors to allot equity securities of the Company for cash up to an aggregate nominal amount of £573,340 without first having to offer all the shares to existing shareholders. This represents approximately 5% of the Company's issued share capital as at 13 May 2010. In line with best practice the Directors do not intend to issue more than 7.5% of the Company's issued ordinary share capital in any rolling three-year period without prior consultation with the shareholders.*

*The Directors believe that this authority is appropriate in view of the level of planned capital expenditure by the Company and to enable the Company to take advantage of business opportunities as they arise. However, there are no specific plans to use this authority.*

## **Resolution 11 – Change to general meeting notice periods**

We will ask you to vote on a resolution to call a general meeting of the Company (other than an AGM of the Company) on not less than 14 clear days' notice, such authority to last until the Company's next AGM in 2011.

*Changes to the 2006 Act came into force on 3 August 2009 due to the implementation of the Companies (Shareholders' Rights) Regulation 2009. One of the changes requires listed companies to give 21 days' notice of general meetings whereas previously the Company was currently able to call general meetings (other than an AGM) on 14 days' notice. We would like to preserve this flexibility and in order to do so shareholders must have approved the calling of general meetings on 14 days' notice and this resolution seeks such approval. The approval will be effective until the Company's next AGM when it is intended that a similar resolution will be proposed. The Company will also need to satisfy the condition for electronic voting before it can call a general meeting on 14 days' notice. This condition is satisfied if the Company offers a facility allowing members to appoint a proxy by means of a website. The Company intends to use flexibility only where the resolutions at the general meeting are time sensitive and the shorter notice would be an advantage to the shareholders as a whole.*

For and on behalf of the Board

Alasdair N Robinson

Company Secretary

14 May 2010

Registered Office

No. 1 Portland Place

London, W1B 1PN

# Procedure For Attending And Voting At The Meeting

## Attendance

1. Only those members entered on the Register of Members of the Company as at 6.00 p.m. on 8 June 2010 shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register after 6.00 p.m. on 8 June 2010 shall be disregarded in determining the rights of any person to attend or vote at the meeting.
2. If you are coming to the AGM please bring your [admission card] (which accompanies this notice) with you. It will authenticate your right to attend, speak and vote and will speed up your admission. You may also find it helpful to bring this notice with you so that you can refer to it at the AGM.

## Appointment of proxies

3. A member entitled to attend and vote at the meeting may appoint a proxy to attend, speak and vote on his behalf at the meeting. A shareholder may appoint more than one proxy to attend the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member.
4. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the proxy instructions. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to him.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his discretion. Your proxy will vote (or abstain from voting) as he thinks fit in relation to any other matter which is put before the meeting.
6. To be effective a form of proxy, together with any power of attorney or other authority under which it is signed or a notarially certified office copy of such power or authority, must be received by Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL by no later than 2.00 p.m. on 8 June 2010. A form of proxy together with notes is attached. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. Completion of a form of proxy will not preclude a member from attending the meeting and voting in person.
7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first-named being the most senior).
8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the proxy form and would like to change the instructions using another proxy form, please contact Share Registrars Limited.

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.

9. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this "Appointment of proxies" section. Please read the section "Nominated persons" below.

## Termination of proxy appointments

10. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a notarially certified office copy) must be included with the revocation notice.

The revocation notice must be received by Share Registrars Limited not less than 48 hours before the time appointed for holding the meeting (or, as the case may be, any adjournment of such meeting).

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

### **Corporate Representatives**

11. A corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all its powers as a member provided that no more than one corporate representative exercises power over the same share.

### **Issued shares and total voting rights**

12. As at 5.00 pm on 13 May 2010, the Company's issued share capital comprised 114,668,063 ordinary shares of 10 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 5.00 pm on 13 May 2010 was 114,668,063. The website referred to in note 15 will include information on the number of shares and voting rights.

### **Nominated persons**

13. If you are a person who has been nominated under section 146 of the 2006 Act to enjoy information rights ("Nominated Person"):
- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the meeting.
  - If you do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.
  - Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

### **Documents available for inspection**

14. The following documents will be available for inspection at the registered office of the Company during normal business hours on each business day from the date of this notice until the date of the AGM, and will also be available at the place of the AGM for at least 15 minutes prior to the meeting and until its conclusion:
- copies of the Directors' service contracts; and
  - copies of the terms of engagement for Non-executive Directors.

### **Website giving information regarding the meeting**

15. Information regarding the meeting, including the information required by section 311A of the 2006 Act, is available from [www.melroseresources.com](http://www.melroseresources.com).

### **Questions at the meeting**

16. Under section 319A of the 2006 Act, the Company must answer any question you ask relating to the business being dealt with at the meeting unless:
- answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
  - the answer has already been given on a website in the form of an answer to a question; or
  - it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

### **Website publication of audit concerns**

17. Pursuant to Chapter 5 of Part 16 of the 2006 Act, where requested by a member or members meeting the qualification criteria which are set out below, the Company must publish on its website, a statement setting out any matter that such member or members propose to raise at the meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting or the circumstances connected with the auditor of the Company ceasing to hold office (if applicable).

Where the Company is required to publish such a statement on its website it may not require the members making the request to pay any expenses incurred by the Company in complying with the request and it must forward the statement to the Company's auditors no later

than the time the statement is made available on the Company's website and the statement may be dealt with as part of the business of the meeting.

The qualification criteria is that (i) the member or members have a right to vote at the meeting and hold at least 5% of total voting rights of the Company or (ii) at least 100 members have a right to vote at the meeting and holding, on average, at least £100 of paid up share capital.

For information on voting rights, including the total number of voting rights, see note 12 above and the website referred to in note 15.

The request must be made either as a hard copy request which is signed by you, states your full name and address and is sent to the Company Secretarial Department, Melrose Resources plc, 5th Floor, Exchange Tower, 19 Canning Street, Edinburgh EH3 8EG or a request which states your full name and address and is sent to [info@melroseresources.com](mailto:info@melroseresources.com). Please state "Melrose Resources plc 2010 AGM" in the subject line of the e-mail. The request must set out the statement in full or, if supporting a statement sent by another member, clearly identify the statement which is being supported, and be received by the Company at least one week before the meeting.

### Communication

18. Except as provided above, members who have general queries about the meeting should contact Share Registrars Limited on 01252 821390 or by e-mail to [enquiries@shareregistrars.uk.com](mailto:enquiries@shareregistrars.uk.com) (no other methods of communication will be accepted).

You may not use any electronic address provided either:

- in this notice of AGM; or
- any related documents (including the proxy form), to communicate with the Company for any purposes other than those expressly stated.

