

Letter from the Chairman with Notice of Annual General Meeting

Egdon Resources plc (The "Company")

(Incorporated and registered in England and Wales with registered number 6409716)

Directors:

Philip Stephens (*Non-Executive Chairman*)

Mark Abbott (*Managing Director*)

Timothy Davies (*Non-Executive Director*)

Martin Durham (*Executive Director*)

Kenneth Ratcliff (*Non-Executive Director*)

Walter Roberts (*Non-Executive Director*)

Registered Office:

The Wheat House

98 High Street

Odiham

Hampshire

RG29 1LP

7 January 2021

Dear Shareholder,

1. Introduction

Notice of the Company's forthcoming Annual General Meeting to be held on Friday 5 February 2021 ("AGM" or "Annual General Meeting") appears on the following pages. You will already have received notice of a General Meeting of the Company to be held on Friday 22 January 2021 ("General Meeting") to approve matters related to the Issue of 8 per cent. Unsecured Convertible Loan Notes. The results of that meeting will not be affected by resolutions to be proposed at the AGM.

I and your Board apologise for the fact that the AGM will be being held five days late this year. The delay has been caused by the concatenation of various factors most of which have arisen as a result of the current pandemic.

As in previous years your Board is not recommending the payment of a dividend.

2. Holding of the AGM under Covid-19 Restrictions

Your Board would like to have been able to adopt their previous practice of making the AGM itself short and formal and following it with a relatively informal presentation by the executive directors of the current state of the Company's activities, including the opportunity for Shareholders to ask questions. At the date of this letter such an arrangement is clearly not going to be permissible. There has been a lot of discussion as to how AGMs can be held in order to meet the purposes of an AGM; both as it deals with the governance of the company and to communicate with and update the Members. Larger companies with the resources available to them have in general recognised that they need to use those resources to facilitate holding a virtual or online AGM. On the whole smaller companies, like Egdon, have less scope. Your Board has decided that the format that they will adopt is:

- (a) To hold the formal AGM as a closed meeting with only a quorum present. Accordingly, all Resolutions will be decided by the proxy votes.
- (b) To make a presentation by the executive directors available on the Company's website, shortly after the close of the AGM.
- (c) Members are invited to submit questions by email, which will be answered on the Company's website shortly after the close of the AGM. As is customary at a physical AGM meeting, questioners will be identified with their questions.
- (d) Questions should be submitted as soon as possible to info@egdon-resources.com with the title "AGM Questions". Every effort will be made to answer all questions fully, but it may not be possible to deal with questions received after 1 February 2021.

3. Resolutions to be proposed at the AGM

Annual report and financial statements (Resolution 1)

A copy of the Annual Report and Financial Statements (together with the Directors' and Auditor's reports on the Annual Report and Financial Statements) for the Company for the financial year ended 31 July 2020 (the "Financial statements") has been sent to you with this document. Shareholders will be asked to receive the Financial statements at the Annual General Meeting.

Letter from the Chairman with Notice of Annual General Meeting

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Reappointment of auditors (Resolution 2)

The Company is required at each general meeting at which financial statements are presented to appoint auditors to hold office until the next such meeting. Resolution 2 proposes the reappointment of Nexia Smith & Williamson Audit Limited as auditor of the Company to hold office from the conclusion of the Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at which financial statements are laid, and authorises the Directors to determine their remuneration.

Retirement by Directors (Resolutions 3 and 4)

No new directors were appointed this year. I retire automatically as I was last re-elected at the annual general meeting held in 2017, and I am offering myself for re-election. To satisfy the requirement that a third of the members of the Board submit themselves for re-election each year, one more retirement is required. Since Mark Abbott was last reappointed in 2018 and for all the other directors it was 2019, Mark Abbott has agreed to retire, and is offering himself for re-election. Brief biographical details of each of the Directors appear on pages 30 and 31 of the Financial statements.

Authority of Directors to allot shares (Resolution 5)

The authority given to the Directors to allot further shares in the capital of the Company requires the prior authorisation of the shareholders in general meeting under section 551 Companies Act 2006 ("CA 2006"). Upon the passing of Resolution 5, pursuant to paragraph (A) of the Resolution, the Directors will have authority to allot shares up to a maximum of par value of £1,094,385.41 (which represents approximately one-third of the current issued share capital as at 7 January 2021, being the latest practicable date before the publication of this Letter). Such authority to be in addition to the authority granted by the General Meeting.

In addition, in accordance with the guidance from the Association of British Insurers ("ABI") on the expectations of institutional investors in relation to the authority of directors to allot shares, upon the passing of Resolution 5, the Directors will have authority (pursuant to paragraph (B) of the Resolution) to allot an additional number of ordinary shares up to a maximum of £1,094,385.41 (which represents approximately a further third of the current issued share capital as at 7 January 2021, being the latest practicable date before the publication of this Letter). However, the Directors will only be able to allot those shares for the purposes of a rights issue in which the new shares are offered to existing shareholders in proportion to their existing shareholdings.

As a result, if Resolution 5 is passed, the Directors could allot shares representing up to two-thirds of the current issued share capital pursuant to a rights issue.

To the extent not already expired, the authorities conferred by Resolution 5 will expire at the conclusion of the next Annual General Meeting or, if earlier, on 31 January 2022.

Disapplication of pre-emption rights (Resolution 6)

If the Directors wish to exercise the authority under Resolution 5 and offer unissued shares (or sell any shares which the Company may purchase and elect to hold as treasury shares) for cash, the Companies Act 2006 requires that unless shareholders have given specific authority for the waiver of the statutory pre-emption rights, the new shares be offered first to existing shareholders in proportion to their existing shareholdings. In certain circumstances, it may be in the best interests of the Company to allot new shares (or to grant rights over shares) for cash without first offering them to existing shareholders in proportion to their holdings.

Resolution 6 would authorise the Directors to do this by allowing the Directors to allot shares for cash: (i) by way of a rights issue (subject to certain exclusions), (ii) by way of an open offer or other offer of securities (not being a rights issue) in favour of existing shareholders in proportions to their shareholdings (subject to certain exclusions) and (iii) to persons other than existing shareholders up to an aggregate nominal value of £984,946.88 (which represents approximately 30% of current issued share capital as at 7 January 2021, being the latest practicable date before the publication of this Letter). If given, to the extent not already expired, the authorities conferred by Resolution 6 will expire on the conclusion of the next Annual General Meeting or, if earlier, on 31 January 2022.

For this purpose the recommendation contained in the Pre-emption Group's Statement of Principles which is directed at premium-listed companies on the Official List is 5% plus an additional 5% for use in connection with an acquisition or specified investment capital, although it is recognised that for companies on AIM this may be too restrictive. Last year your Board was given an authority of up to 15%, only just over half of which was used in the placing in April 2020. This year we are recommending a much higher limit of 30% in order to give your Board scope to cope with the fall-out from the Covid 19 pandemic and the disruptions to the financial and investment environment that it has caused and may still cause. Such authority will also continue to provide the flexibility to pursue investment opportunities without incurring the costs of a rights issue or the need to market part of the investment opportunity to third parties.

4. Recommendation

Your Directors consider the resolutions to be proposed at the AGM to be in the best interests of the Company and its shareholders as a whole. Consequently, the Directors recommend shareholders to vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings totalling 13,496,481 ordinary shares (representing 4.11 per cent. of the Company's issued share capital as at the latest practicable date before publication of this Letter).

A form of proxy is included for use at the AGM. Forms of proxy should be completed, signed and returned as soon as possible and in any event so as to be received by Link Asset Services at PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF not less than 48 hours prior to the time appointed for the holding of the AGM on 5 February 2021.

Yours sincerely,

Philip Stephens
Chairman

Letter from the Chairman with Notice of Annual General Meeting

continued

EGDON RESOURCES PLC

(Incorporated and registered in England and Wales with registered number 6409716)

Notice is hereby given that the Annual General Meeting of Egdon Resources plc (the "Company") will be held at the Company's Registered Office on Friday 5 February 2021 at 11.30 a.m. for the purpose of passing the following resolutions, of which Resolutions 1 to 5 will be proposed as Ordinary Resolutions and Resolution 6 will be proposed as a Special Resolution.

The meeting will be a closed meeting and accordingly Members are not invited to attend and will not be admitted should they do so.

ORDINARY RESOLUTIONS:

- 1 To receive the report of the Directors and the audited accounts of the Company for the year ended 31 July 2020, together with the report of the Auditors on those audited accounts.
- 2 That Nexia Smith & Williamson Audit Limited be and are hereby re-appointed as auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next meeting at which accounts are laid before the meeting, at a remuneration to be determined by the Directors.
- 3 To re-elect Philip Stephens as Director who retires pursuant to article 92 of the Company's articles of association and who, being eligible, offers himself for re-election.
- 4 To re-elect Mark Abbott as Director who retires pursuant to article 92 of the Company's articles of association and who, being eligible, offers himself for re-election.
- 5 THAT the Directors be and they are hereby generally and unconditionally authorised in accordance with section 551 Companies Act 2006 ("CA 2006") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company:
 - (a) up to an aggregate nominal amount of £1,094,385.41; and
 - (b) comprising equity securities (within the meaning of section 560 of the Act) up to a further aggregate nominal amount of £1,094,385.41 in connection with an offer by way of a rights issue:
 - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter (including any such problems arising by virtue of equity securities being represented by depositary receipts).

The authorities conferred on the Directors under paragraphs (a) and (b) above shall, be in addition to such authority (if any) granted by the General Meeting of the Company to be held on Friday 22 January 2012; and, in so far as they have not previously expired, expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or 31 January 2022, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or rights to subscribe for, or to convert any security into, shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for, or to convert any security into, shares (as the case may be) in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

SPECIAL RESOLUTION:

6 THAT, subject to the passing of Resolution 5 above, the Directors be and they are hereby empowered pursuant to section 570 and section 573 CA 2006 to allot equity securities (within the meaning of section 560 CA 2006) for cash pursuant to the authority conferred by Resolution 5 or by way of a sale of treasury shares, as if section 561 CA 2006 did not apply to any such allotment or sale, provided that this power shall be limited:

- (a) to the allotment of equity securities and sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authorities granted under paragraph (b) of Resolution 5, by way of a rights issue only):
 - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter (including any such problems arising by virtue of equity securities being represented by depositary receipts); and

- (b) to the allotment (otherwise than under paragraph (a) of this Resolution 6) of equity securities or sale of treasury shares up to an aggregate nominal amount of £984,946.88,

and shall, in so far as they have not previously expired, expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or 31 January 2022, whichever is the earlier, except 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 offer or agreement as if the power conferred hereby had not expired.

Dated 7 January 2021

By Order of the Board

Walter Roberts

Secretary

Letter from the Chairman with Notice of Annual General Meeting

continued

- 1 A member is entitled to appoint one or more proxies to exercise all or any of the member's rights to vote on his/her behalf at the meeting. A proxy need not be a member of the Company. If a member appoints more than one proxy to vote at the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member. If a member wishes to appoint more than one proxy and so requires additional proxy forms, the member should contact Link Asset Services on +44 (0) 371 664 0300 – calls are charged at the standard geographic rate and will vary by provider). A form of proxy for use by members at the Annual General Meeting accompanies this notice.
- 2 To be effective, the form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such authority, must be received by post or (during normal business hours only) by hand at the office of the Company's Registrars, being Link Asset Services at PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, not less than 48 hours before the time of the holding of the meeting or any adjournment thereof.
- 3 Completion and return of the proxy form does not preclude a member from attending and voting at the meeting in person, should the Covid 19 rules change and the meeting be opened to more general attendance.
- 4 In the case of joint shareholders, 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 shareholders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
- 5 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 apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. 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.
- 6 In order to revoke a proxy instruction you will need to inform the Company by sending notice in writing clearly stating your intention to revoke your proxy appointment to Company's Registrars, being Link Asset Services at PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF. 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 duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by the Company no later than 48 hours before the time of the holding of the meeting or any adjournment thereof. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then your proxy appointment will remain valid. If you have appointed a proxy and are permitted to and do attend the meeting in person, your proxy appointment will automatically be terminated.
- 7 In accordance with the permission in Regulation 41(1) of The Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), only those holders of ordinary shares who are registered on the Company's share register at close of business on 3 February 2021 shall be entitled to vote at the above Annual General Meeting (or, in the case of an adjourned meeting, close of business on the day which is two days before the adjourned meeting) and to vote in respect of the number of shares registered in their names at that time. Changes to entries on the share register after close of business on 3 February 2021 shall be disregarded in determining the rights of any person to vote at the Annual General Meeting.
- 8 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.
- 9 If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.
- 10 Copies of the service agreements and letters of appointment between the Company and its Directors will be available for inspection at the registered office of the Company by prior arrangement and subject to government restrictions in relation to Covid 19, during usual business hours on any weekday (Saturdays, Sundays and Bank Holidays excluded) until the conclusion of the meeting.

