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If you have sold or otherwise transferred all of your ordinary shares in Cradle Arc Plc (the “**Company**”), please forward this document and the accompanying Form of Proxy as soon as possible to the purchaser or transferee or to the stockbroker, bank manager or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of ordinary shares, you should retain the documents and consult the stockbroker, bank manager or other agent through whom the sale or transfer was effected.

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(Incorporated in England and Wales as a public limited company under number 05315922)

NOTICE OF 2018 ANNUAL GENERAL MEETING

Your attention is drawn to the letter from the Chairman of the Company that is set out on pages 2 to 4 of this document which recommends you to vote in favour of the resolutions to be proposed at the Annual General Meeting of the Company referred to below.

Notice of the Annual General Meeting of the Company to be held at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH on Thursday 28 June 2018 at 11.00 a.m. (the “**AGM**”) is set out on pages 5 to 7 of this document. A Form of Proxy is also enclosed for use in connection with the AGM.

Whether or not you intend to be present at the AGM, please complete, sign and return the Form of Proxy enclosed with this document to the Company’s Registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR as soon as possible and, in any event, so as to be received by the Company’s Registrars by not later than 48 hours before the time fixed for the AGM. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the AGM.



(Incorporated in England and Wales as a public limited company under number 05315922)

Registered Office:
27-28 Eastcastle Street,
London, W1W 8DH

LETTER FROM THE CHAIRMAN OF CRADLE ARC PLC

5 June 2018

To Shareholders and, for information purposes only, to holders of Options, Convertible Loan Notes and Warrants

Dear Shareholder,

Notice of Annual General Meeting

I am writing to give you details of the resolutions to be proposed at this year's AGM which is to be held at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH on Thursday 28 June 2018 at 11.00 a.m. The resolutions are set out in the Notice of Annual General Meeting on pages 5 to 7 of this document.

Ordinary business at the AGM

The ordinary business of the meeting will include the following resolutions.

Resolution 1: Re-appointment of Director

This is an ordinary resolution to re-appoint Oscar Ernst Kirkovits as a Director of the Company, who in accordance with the Company's Articles of Association ("**Articles**") and, being eligible, offers himself for re-appointment.

Resolution 2: Re-appointment of Director

This is an ordinary resolution to re-appoint Kevin van Wouw as a Director of the Company, who in accordance with the Company's Articles and, being eligible, offers himself for re-appointment.

Resolution 3: Re-election of Director

This is an ordinary resolution to re-elect Roger Williams as a Director of the Company, who retires by rotation in accordance with the Company's Articles and, being eligible, offers himself for re-election.

Resolution 4: Auditors' appointment and remuneration

This is an ordinary resolution to appoint BDO LLP as auditors of the Company, to hold office until the commencement of the Company's next Annual General Meeting and to authorise the Directors to determine their remuneration.

Resolution 5: Section 551 authority

This is an ordinary resolution authorising the Directors under section 551 of the Companies Act 2006 (the "**Act**") to allot relevant securities up to an aggregate nominal amount of £13,890.52 (representing approximately two thirds of the Company's issued ordinary share capital).

Resolution 6: Section 570 authority and dis-application of Section 561(1)

This is a special resolution authorising the Directors under section 570(1) of the Act to issue equity securities up to a maximum nominal amount of £6,945.26 (representing approximately one third of the Company's issued ordinary share capital) for cash on a non pre-emptive basis.

Special business at the AGM

As announced on 3 April 2018, the Company issued to a consortium of lenders (the “**Financing Parties**”), in aggregate, US\$10 million secured loan notes pursuant to the terms of a loan note instrument (the “**New Debt Funding**”). In connection with the New Debt Funding, the Company agreed to grant to the Financing Parties, in aggregate, 71,336,852 warrants to subscribe for new ordinary shares in the Company (the “**Warrants**”). The Warrants were to be exercisable at a price of 5 pence per share during the exercise period of twelve months from 2 April 2018.

However, as the Company had insufficient share capital authorities to issue all of the abovementioned Warrants by the original deadline of 30 May 2018, on 28 May 2018, the Company issued an initial tranche of 35,668,432 Warrants (being approximately 50 per cent. of the Warrants) to the Financing Parties, utilising the Company’s existing share capital authorities. The Company has agreed with the Financing Parties that the remaining 35,668,420 Warrants (the “**New Warrants**”) will be issued pursuant to the terms and subject to the conditions of a new warrant instrument (the “**New Warrant Instrument**”), subject to the receipt of shareholder approval (the “**Warrant Issue**”). The New Warrants will have the same rights and restrictions as the Warrants save as to the exercise period which shall be at any time until 2 August 2019.

The special business of the meeting will include the following resolutions:

Resolution 7: Section 551 authority to grant equity securities in connection with the Warrant Issue

This is an ordinary resolution to authorise the Directors under section 551 of the Act to allot equity securities in connection with the Warrant Issue.

Resolution 8: Section 570 authority and dis-application of Section 561(1) in connection with the Warrant Issue

This is a special resolution to authorise the Directors under section 570(1) of the Act to allot up equity securities in connection with the Warrant Issue for cash on a non pre-emptive basis.

Resolutions 1 to 5 and 7 are proposed as ordinary resolutions, meaning that, for those resolutions to be passed, more than 50 per cent. of the votes cast must be in favour of the resolutions. Resolutions 6 and 8 are proposed as special resolutions, meaning that, for those resolutions to be passed, at least 75 per cent. of the votes cast must be in favour of the resolutions.

In order to comply with the Companies Act 2006, the Company is required to hold its AGM within six months from its accounting reference date of 31 December. Whilst the Company would ordinarily present its Annual Report and Accounts for the year ended 31 December 2017 (the “**Accounts**”) at the forthcoming AGM, it has not yet finalised and published the Accounts. Accordingly, following publication of the Accounts in due course, which the Directors are confident will occur prior to the 30 June 2018 deadline pursuant to AIM Rule 19, Cradle Arc intends to convene a separate general meeting for the Accounts to be received and considered by shareholders.

Action to be Taken

A Form of Proxy for use at the AGM is enclosed with this document. Whether or not you intend to be present at the AGM, please complete and sign the Form of Proxy and return it to the Company’s Registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR as soon as possible but, in any event, so as to arrive no later than 48 hours before the time fixed for the AGM. Full details on how to appoint a proxy are set out on page 7 of this document and in the enclosed Form of Proxy. The return of the Form of Proxy will not, however, prevent you from attending the AGM and voting in person should you wish to do so.

Board Recommendation

The Board considers that each of the Resolutions to be proposed at the AGM are in the best interests of the Company and its shareholders as a whole and unanimously recommends that shareholders vote in favour of all the proposed Resolutions, as they intend to do in respect of their own beneficial holdings.

Yours faithfully

Toby Howell

Non-Executive Chairman

CRADLE ARC PLC

(Incorporated in England and Wales as a public limited company under number 05315922)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Cradle Arc Plc (the “**Company**”) will be held at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH on Thursday 28 June 2018 at 11.00 a.m. (the “**AGM**”) for the purpose of considering and, if thought fit, passing the following resolutions, of which Resolutions 1 to 5 and 7 will be proposed as ordinary resolutions and Resolutions 6 and 8 will be proposed as special resolutions:

Ordinary Business

Ordinary Resolutions

1. To re-appoint Oscar Ernst Kirkovits, as a Director of the Company, who in accordance with the Company’s Articles of Association and, being eligible, offers himself for re-appointment.
2. To re-appoint Kevin van Wouw, as a Director of the Company, who in accordance with the Company’s Articles of Association and, being eligible, offers himself for re-appointment.
3. To re-elect Roger Williams, as a Director of the Company, who retires by rotation in accordance with the Company’s Articles of Association and, being eligible, offers himself for re-election.
4. To appoint BDO LLP as auditors of the Company, to hold office until the commencement of the Company’s next Annual General Meeting and to authorise the Directors to determine their remuneration.
5. THAT, the Directors be and are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the “**Act**”) to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for or convert any equity securities (as defined in Section 560 of the Act) into shares in the Company up to a maximum aggregate nominal amount of £13,890.52, provided that such authority, unless previously revoked or varied by the Company in a general meeting, shall expire at the commencement of the Annual General Meeting next held after the passing of this resolution or 30 June 2019 (whichever is the earlier to occur) save that the Company may pursuant to the authority make an offer or agreement or other arrangement before the expiry of the authority which would or might require relevant securities to be allotted after such expiry, and the Directors may allot relevant securities in pursuance of such an offer or agreement or other arrangement as if the power conferred hereby had not expired. This authority is in substitution for all previous authorities conferred upon the Directors pursuant to Section 551 of the Act, but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities.

Special Resolution

6. THAT (subject to and conditional upon the passing of Resolution 5 above), the Directors be and are hereby empowered pursuant to Section 570 of the Act to allot equity securities (within the meaning of Section 560 of the Act) of the Company wholly for cash pursuant to the authority conferred by Resolution 5 as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:
 - (i) allotments of equity securities for cash in connection with an offer of, or invitation to apply for, equity securities to the holders of shares in the Company and other persons entitled to participate therein in proportion (as nearly as practicable) to their respective holdings, subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the regulations or requirements of any regulatory authority or any stock exchange in any territory; and

- (ii) allotments of equity securities (otherwise than pursuant to sub-paragraph (i) above) up to a maximum aggregate nominal amount of £6,945.26,

and such power, unless previously revoked or varied by the Company at a General Meeting, shall expire at the commencement of the Annual General Meeting next held after the passing of this resolution or 30 June 2019 (whichever is the earlier to occur) but so that the Company may before such expiry make an offer or agreement or other arrangement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry, and the Directors may allot equity securities or sell treasury shares in pursuance of any such offer or agreement or other arrangement as if the power conferred by this resolution had not expired. The power hereby conferred shall operate in substitution for and to the exclusion of any previous power given to the Directors pursuant to Section 570 of the Act.

Special Business

Ordinary Resolution

7. THAT, the Directors be and are hereby generally and unconditionally authorised for the purposes of Section 551 of the Act to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for or convert any equity securities (as defined in Section 560 of the Act) into shares in the Company up to a maximum aggregate nominal amount of £3,566.85 in connection with the issue of 35,668,420 warrants over shares granted by the Company to certain institutional investors and high net worth individuals ("**Warrant Issue**"), provided that such authority, unless previously revoked or varied by the Company in a general meeting, shall expire at the commencement of the Annual General Meeting next held after the passing of this resolution or 30 June 2019 (whichever is the earlier to occur) save that the Company may pursuant to the authority make an offer or agreement or other arrangement before the expiry of the authority which would or might require relevant securities to be allotted after such expiry, and the Directors may allot relevant securities in pursuance of such an offer or agreement or other arrangement as if the power conferred hereby had not expired. This authority is in addition to any existing authorities conferred upon the Directors pursuant to Section 551 of the Act.

Special Resolution

8. THAT (subject to and conditional upon the passing of Resolution 7 above), the Directors be and are hereby empowered pursuant to Section 570 of the Act to allot equity securities (within the meaning of Section 560 of the Act) of the Company wholly for cash pursuant to the authority conferred by Resolution 7 as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities in connection with the Warrant Issue pursuant to the authority conferred by Resolution 7 above up to a maximum nominal amount of £3,566.85, such power, unless previously revoked or varied by the Company at a General Meeting, shall expire at the commencement of the Annual General Meeting next held after the passing of this resolution or 30 June 2019 (whichever is the earlier to occur) but so that the Company may before such expiry make an offer or agreement or other arrangement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry, and the Directors may allot equity securities or sell treasury shares in pursuance of any such offer or agreement or other arrangement as if the power conferred by this resolution had not expired. The power hereby conferred shall operate in addition to any previous power given to the Directors pursuant to Section 570 of the Act.

BY ORDER OF THE BOARD

CARGIL MANAGEMENT SERVICES LIMITED

Company Secretary

5 June 2018

NOTES:

1. A member entitled to attend, speak and vote at the AGM is entitled to appoint a proxy to attend, speak and vote on his/her behalf. A proxy need not be a member of the Company but must attend the AGM to represent you.
2. Forms of proxy, together with any power of attorney or other authority under which it is executed or a notarially certified copy thereof, must be completed and signed and, to be valid, must reach the Company's Registrars at Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR not less than 48 hours before the time appointed for the holding of the meeting.
3. If the appointer is a corporation, the form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised.
4. The appointment of a proxy does not preclude a member from attending and voting at the meeting.
5. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote of the other registered holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members.
6. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (SI 2001/3755) Reg. 41(1) and (2) and paragraph 18 (c) of the Companies Act 2006 (Consequential Amendments) (Uncertificated Securities) Order 2009, only those shareholders on the Register of Members at 11.00 a.m. on Tuesday 26 June 2018, being not less than 48 hours before the time appointed for the holding of the meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at that time. If the meeting is adjourned by more than 48 hours, then to be so entitled, a shareholder must be entered on the Company's Register of Members at the time which is 48 hours excluding non business days before the time appointed for holding the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice.
7. To appoint more than one proxy, you may photocopy the form of proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which in aggregate shall not exceed the number of shares held by you). Please also indicate if the proxy is part of a multiple set of instructions being given. All forms must be signed and should be returned together in the same envelope. A failure to specify the number of shares each proxy appointment relates to, or specifying a number in excess of those held by you, may result in the appointment being invalid. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Company's Registrars.
8. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent 7RA36 by 11.00 a.m. on Tuesday 26 June 2018, being not less than 48 hours before the time appointed for the holding of the meeting. 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. After this time, any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. In any case your proxy form must be received by the Company's registrars no later than 11.00 a.m. on Tuesday 26 June 2018.
9. Copies of the Executive Directors' service contracts and non-executive Directors' letters of appointment are available for inspection at the registered office of the Company during usual business hours and will be available on the day of the AGM from 10.45 a.m. until the conclusion of the AGM.
10. As at the close of business on 4 June 2018, the Company's issued share capital comprised 208,357,806 ordinary shares of 0.01p 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 the time and date given above is 208,357,806.

