

## **STRONTIUM PLC**

**(the "Company")**

### **NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the above named Company will be held at the offices of Collyer Bristow LLP, 4 Bedford Row, London WC1R 4DF on 24 November 2010 at 12:00 noon for the following purposes, namely:

#### **Ordinary Business**

- (1) To consider and, if thought fit, adopt the accounts of the Company for the year ended 30 June 2010 and the Report of the Directors and Accountants thereon.
- (2) To re-appoint Hazlewoods LLP as auditors to hold office until the conclusion of the next General Meeting of the Company before which accounts are laid.
- (3) To authorise the Directors to determine the remuneration of the Auditors.
- (4) To re-elect as a director David Barker who retires by rotation in accordance with the Articles of Association.

#### **Special Business**

To consider and, if thought fit, pass the following Resolutions, of which Resolution 5 will be proposed as an Ordinary Resolution and Resolutions 6, 7 and 8 will be proposed as Special Resolutions:

- (5) THAT the Directors be and are hereby generally and unconditionally authorised, in accordance with section 551 of the Companies Act 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 up to an aggregate nominal amount of £200,000 provided that this authority shall (unless renewed, varied or revoked by the Company in general meeting) expire on the conclusion of the next Annual General Meeting ('AGM') of the Company, save that the Company may before such expiry make an offer or agreement which would or might require such shares to be allotted or such rights to be granted after such expiry, and the Directors may allot such shares and grant such rights in pursuance of such offer or agreement as if this authority had not expired.
- (6) THAT the Directors be and 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 5 above as if Section 561 of that Act did not apply to any such allotment or sale and provided that this power shall be limited to:
  - i. the allotment of equity securities in connection with or pursuant to an offer or issue by way of rights, open offer or other pre-emptive offer 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

arising in, or under the laws of, any territory or the regulations or requirements of any regulatory authority or any stock exchange in any territory; and

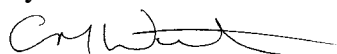
- ii. the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal value of £200,000

and such power shall expire (if not previously expired by non-fulfilment of conditions) on the conclusion of the next AGM of the Company 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 Board may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

- (7) THAT the amount standing to the credit of the share premium account of the Company be reduced by £1,200,000.
- (8) THAT the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of 2 pence each in the Company provided that:-
  - (i) The maximum aggregate number of ordinary shares that may be purchased is 2,000,000.
  - (ii) The minimum price (excluding expenses) which may be paid for each ordinary share is 2 pence.
  - (iii) The maximum price (excluding expenses) which may be paid for each ordinary share is the higher of:-
    - (a) 120 per cent of the average market value of an ordinary share in the Company for the five business days prior to the day the purchase is made; and
    - (b) the value of an ordinary share calculated on the basis of the higher of the price quoted for:-
      - (a) the last independent trade of; and
      - (b) the highest current independent bid for,any number of the Company's ordinary shares on the trading venue where the purchase is carried out.
  - (iv) The authority conferred by this resolution shall expire at the conclusion of the Company's next annual general meeting save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of such authority.

Dated 27 October 2010.

By Order of the Board



Gary Withey  
Secretary

Registered in England  
No 5200315  
Second Floor, Estate House, 2 Pembroke  
Road, Sevenoaks, Kent, TN13 1XR

**Notes**

### **Entitlement to attend and vote**

1. 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 48 hours before the time of the Meeting shall be entitled to attend and vote at the Meeting.

### **Appointment of proxies**

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. 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 notes to the proxy form. 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 them.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the registrars of the Company, Share Registrars Limited on 01252 821 390.

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 or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

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

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to Share Registrars Limited at Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL or by facsimile transmission to 01252 719 232;
- alternatively, the completed proxy form can be scanned and emailed to [proxies@shareregistrars.uk.com](mailto:proxies@shareregistrars.uk.com);
- and received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

In the case of a member which is a company, the proxy form 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 proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

### **Appointment of proxy by joint members**

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).

### **Changing proxy instructions**

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 apply 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 hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited on 01252 821 390.

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.

### **Termination of proxy appointments**

9. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:

By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited at Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL or by facsimile transmission to 01252 719 232. 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.

In either case, the revocation notice must be received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the 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**

10. Corporate members are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – [www.icsa.org.uk](http://www.icsa.org.uk) – for further details of this procedure.

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

11. As at 27 October 2010 the Company's issued share capital comprised 13,595,684 ordinary shares of 2 pence each (of which none are held in treasury). Each ordinary share carries the right to one vote at an Annual General Meeting of the Company and, therefore, the total number of voting rights in the Company as at that date is 13,595,684.

### **Communications with the Company**

12. Members who have general queries about the Meeting should telephone the Company's registrars, Share Registrars Limited, by telephone on 01252 821 390 (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of general meeting; or any related documents (including the chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

**STRONTIUM PLC**

Form of Proxy

**for use at the Annual General Meeting**

I/We .....  
 (block capitals please)

of .....

being a member/members of the Company hereby appoint (see Note 1)

.....

failing whom the Chairman of the Meeting to be my/our proxy and to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 24 November 2010 at 12:00 noon and at any adjournment thereof. My/our proxy is to vote as indicated below in respect of the Resolutions set out in the Notice of Meeting (see Note 2):

	<b>RESOLUTIONS</b>	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
<b>1</b>	Receipt of Accounts			
<b>2</b>	Re-appointment of Auditors			
<b>3</b>	Determination of Auditors' Remuneration			
<b>4</b>	Re-election of David Barker			
<b>5</b>	Approval of Companies Act 2006 Section 551 authority			
<b>6</b>	Approval of Companies Act 2006 Section 570 disapplication of pre-emption rights			
<b>7</b>	Approval of reduction of the Company's share premium account			
<b>8</b>	Approval of authority to purchase the Company's own shares			

Dated .....

Signed or sealed (see Notes 5 and 6) .....

## Notes

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.

2. 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.

3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.

4. To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

5. To appoint a proxy using this form, the form must be:

- completed and signed;
- sent or delivered to Share Registrars Limited at Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL or by facsimile transmission to 01252 719 232;
- alternatively, the completed proxy form can be scanned and emailed to [proxies@shareregistrars.uk.com](mailto:proxies@shareregistrars.uk.com);
- and received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

In the case of a member which is a company, this proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

6. Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

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. 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. For details of how to change your proxy instructions or revoke your proxy appointment see the notes to the notice of meeting.

10. You may not use any electronic address to communicate with the Company for any purposes.

11. 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 48 hours before the time of the Meeting shall be entitled to attend and vote at the Meeting.

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action to take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately.**

If you have sold or transferred all your ordinary shares in Strontium Plc, please send this document and the accompanying notice of annual general meeting and form of proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

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**A LETTER FROM THE CHAIRMAN OF STRONTIUM PLC**

*(Registered in England and Wales under the Companies Act 1985 with number 5200315)*

Directors:

Michael Metcalfe, *Chairman*

Colin Brumpton, *Non-executive Director*

David Barker, *Chief Executive*

Registered Office:

Top Floor

Estate House

Pembroke Road

Sevenoaks

Kent

TN13 1XR

27 October 2010

To the holders of Ordinary Shares

Dear Shareholder

**2010 Annual Report and Annual General Meeting**

**Proposed reduction of share premium account and share buy-back proposals**

I am pleased to enclose Strontium Plc's 2010 Annual Report and to invite you to the Company's 2010 Annual General Meeting to be held at 12:00 noon on 24 November 2010 at 4 Bedford Row, London WC1R 4DF.

Details of the resolutions to be proposed at the meeting are included in the enclosed Notice of Annual General Meeting. The routine business normally dealt with at our Annual General Meeting will be to consider and, if thought fit, adopt the accounts of the Company for the year ended 30 June 2010 and the Report of the Directors and Accountants thereon, to re-appoint Hazlewoods LLP as auditors, to authorise the Directors to determine the remuneration of the Auditors and to re-elect as a Director David Barker who retires by rotation in accordance with the Company's Articles of Association.

In common with prior years, special business at the Annual General Meeting will include the proposal of an ordinary resolution (resolution 5 in the Notice of Annual General Meeting) authorising 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. As approved at the Company's last Annual General Meeting, this authority is proposed to be limited to an aggregate nominal amount of £200,000. Special business will also include, again in common with prior years, the proposal of a special resolution (resolution 6 in the Notice of Annual General Meeting) authorising the Directors to allot equity securities of the Company for cash as if the pre-emption rights provided for in section 561 of the Companies Act 2006 did not apply. As approved at the Company's last Annual General Meeting, this authority is proposed to be limited to the allotment of equity securities in connection with an offer or issue by way of rights, open offer or other pre-emptive offer to the holders of shares in the Company or otherwise to the allotment of equity securities up to an aggregate nominal value of £200,000.

In addition to the business usually conducted at Strontium Plc's Annual General Meeting, there will be two further items of special business proposed to shareholders at this year's meeting. The Company announced on 28 September 2010 that the Board has decided to initiate a capital re-structuring, which the Directors intend should be by way of a reduction in the Company's share premium account, and in addition that the Directors intend, where they consider it appropriate, that the Company should undertake purchases of its own shares. Resolutions are to be proposed at the forthcoming Annual General Meeting for this purpose and the remainder of this letter provides further details of these proposals.

**Background to the share premium reduction proposals**

The Company will announce on 28 October 2010 a Group profit of £261,952 for the year ended 30 June 2010. Despite these outstanding results for the Group as a whole, for historic reasons the Company itself has an accumulated deficit on its own profit and loss account. As at 30 June 2010, this deficit amounted to approximately £1,004,000.



The Companies Act 2006 does not allow a company to pay dividends to its shareholders nor to purchase its own shares (except out of the proceeds of a fresh issue of shares made for the purpose of financing the purchase) in circumstances where the company has accumulated a deficit on its profit and loss account, until such time as the deficit has been eliminated. Future profits earned by the Company would reduce its accumulated deficit, but the Directors believe that it may take time to eliminate the deficit completely. During this time the Company would be prevented from paying dividends to its shareholders or purchasing its own shares (except out of the proceeds of such a fresh issue of shares). However, the Companies Act 2006 does permit the Company to reduce the amount standing to the credit of its share premium account and to apply the amount of this reduction in eliminating the deficit accumulated on its profit and loss account and, moreover, unless the Court otherwise directs, to treat the reserve arising from the reduction of the Company's share premium account as distributable. The share premium account has been created by the issue of shares by the Company, from time to time, at a premium to their nominal value. As required by the Companies Act 2006 and predecessor legislation, the Company has credited such premium to a share premium account, which currently stands at approximately £2,024,734.

The Directors propose that the Company should reduce its share premium account by £1,200,000. The proposed reduction of share premium account itself does not involve any distribution or repayment of capital to shareholders and will not reduce the net assets of the Company. Its principal effect however will be to facilitate the payment of dividends by the Company to shareholders and the purchase of shares by the Company out of the reserve arising from the reduction of the Company's share premium account and out of distributable profits generated in the future, which it is the Directors' intention to do in appropriate circumstances.

The Companies Act 2006 permits a company to reduce its share premium account provided that the reduction is approved by a special resolution of the company's shareholders and is sanctioned by the Court. Resolution number 7 set out in the Notice of Annual General Meeting is to be proposed for this purpose.

The Directors are advised that, if the proposed reduction of share premium account is approved by shareholders, it will normally be sanctioned by the Court. The Court will be concerned to ensure that the reduction does not prejudice the creditors of the Company. The Directors believe that the Company can satisfy the Court that the interests of creditors would not be prejudiced and will provide certain undertakings to the Court as to use of the distributable reserve arising from the reduction of share premium account or otherwise will put into place such arrangements as they may be advised are appropriate to satisfy the Court in that respect.

If resolution 7 set out in the notice convening the forthcoming Annual General Meeting is passed by the requisite majority of shareholders, the Company intends to apply to the Court to approve the proposed capital reduction as soon as reasonably practicable following the Annual General Meeting and, if so approved, the Directors expect that the reduction will become effective on or around 16 December 2010. As previously mentioned, the effect of the proposal, if sanctioned by the Court, would be to allow the Company to pay dividends to shareholders or purchase its own shares out of the reserve arising from the reduction of the Company's share premium account and out of distributable profits generated in the future. Before recommending any dividend or any purchase by the company of its own shares, the Board would continue to have regard to the future working capital requirements of the Company.

### **Background to own share purchase proposals**

The two common ways a company returns cash to its shareholders are by way of a dividend and by the company purchasing its own shares ("Share Buy-back"). In essence, a Share Buy-back is a company investing in itself by using its cash to buy its own shares. These shares may be cancelled or held "in treasury", allowing them to be reissued for cash or, for example, to satisfy the exercise of share options.

As a company cannot act as its own shareholder, any shares held in treasury do not have any voting rights. Neither do they carry any entitlement to dividends, nor to any distribution on a winding up of the company. Therefore, following a Share Buy-back, there is a reduction in the total voting and equity rights in the Company and accordingly shareholders who have not participated in the Share Buy-back will have a correspondingly larger interest in the Company.

A Share Buy-back program provides shareholders more flexibility than a dividend as it allows shareholders to choose whether or not to sell and realise cash. Another potential advantage of Share Buy-backs over dividends is that they give shareholders capital receipts rather than

income. In addition, by supporting the share price, Share Buy-backs increase the prospect of giving continuing shareholders capital appreciation in addition to any on-going dividend income. Share Buy-backs may involve paying broker's commissions and other expenses of trading.

Given that the goal of the Board and management is to maximise return for shareholders, the Board will only decide to initiate a Share Buy-back if, in their considered opinion, it is the best use of capital at that time. For example, a Share Buy-back may be appropriate when the Board believes the market has unjustly depressed its share price.

For the purposes of enabling the Company to make purchases of its own shares, the Companies Act 2006 stipulates that a company may only make purchases of its own shares in circumstances where it has first been authorised to do so by a resolution of the company. Resolution 8 set out in the Notice of Annual General Meeting, which will be proposed as a special resolution, seeks authority for the Company to make market purchases of its own ordinary shares. If passed, the resolution gives authority for the Company to purchase up to 2,000,000 of its ordinary shares, representing just under 15 per cent. of the Company's issued ordinary share capital as at 27 October 2010.

The resolution specifies the minimum and maximum prices which may be paid for any ordinary shares purchased under this authority. The authority will expire at the end of the Company's 2011 Annual General Meeting.

The Company may either cancel any shares it purchases under this authority or transfer them into treasury (and subsequently sell or transfer them out of treasury or cancel them). The Directors currently intend to cancel all shares purchased under this authority, although they may transfer shares purchased under this authority into treasury in order to satisfy awards of options by the Company or for other purposes where they consider it in the Company's interests to do so.

The issued share capital of the Company as at 27 October 2010 comprises 13,595,684 ordinary shares of 2 pence each and options to subscribe for ordinary shares in the Company have been granted over 2,150,000 shares, representing 15.81 per cent. of the issued ordinary share capital of the Company at that date. Were the Directors' proposal to allow the Company to purchase 2,000,000 of its ordinary shares to be utilised in full in respect of the issued ordinary share capital of the Company as at 27 October 2010, that would result in an issued ordinary share capital comprising 11,595,684 ordinary shares, of which the options referred to above would represent 18.54 per cent. The Company does not have any outstanding share warrants.

#### **Action to be taken**

You are requested to complete and return the form of proxy accompanying this circular for use at the Annual General Meeting, in accordance with the instructions printed on the form, so as to arrive at the Company's Registrars, Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL, as soon as possible and in any event no later than 48 hours prior to the Meeting. Completion and return of the form of proxy will not prevent you from attending the Annual General Meeting and voting in person.

#### **Directors' recommendation**

**The Directors are of the opinion that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors unanimously recommend that shareholders vote in favour of all resolutions to be proposed at the Annual General Meeting, as they intend to do in respect of the 8,429,705 ordinary shares in which they are beneficially interested, amounting to 62.0% of the issued share capital of the Company.**

Yours faithfully



**Michael Metcalfe**  
**Chairman**