

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000.**

**If you have recently sold or transferred all of your shares in Velocys plc, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.**

# **Velocys plc**

(Incorporated and registered in England & Wales with registered number:  
05712187)

## **Notice of 2018 Annual General Meeting**

Notice of the AGM of the Company, to be held at the offices of Mayer Brown International LLP, 201 Bishopsgate, London EC2M 3AF on Friday 29 June 2018 at 10.45 am, is set out at the end of this document. The accompanying Form of Proxy for use in connection with the AGM should be completed and lodged with the Company's registrars at Link Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, or online at [www.signalshares.com](http://www.signalshares.com) citing your Investor Code (which can be found on your share certificate), or via the CREST electronic platform if you are a CREST member, but in any event your instruction must be received by no later than 10.45 am on Wednesday 27 June 2018. Detailed information about how to vote is set out in the notes to the Form of Proxy. Completion and lodging of a Form of Proxy will not preclude Shareholders from attending and voting at the AGM should they so wish.

# Letter from the Chairman of the Company

(Incorporated and registered in England & Wales  
with registered number: 05712187)

## Directors:

Dr. Pierre Jungels (Chairman)  
David Pummell (Chief Executive Officer)  
Dr. Paul Schubert (Chief Operating Officer)  
Sandy Shaw (Non-Executive Director)  
Andrew Morris (Non-Executive Director)

## Registered Office:

Harwell Innovation Centre  
173 Curie Avenue  
Harwell  
Oxfordshire  
OX11 0QG

5 June 2018

To the holders of ordinary shares and for information purposes only, to holders of options under the Company's share option schemes.

Dear Shareholder,

## 2018 Annual General Meeting

I am writing to give you details of the resolutions to be proposed at the Company's 2018 AGM to be held at the offices of Mayer Brown International LLP, 201 Bishopsgate, London EC2M 3AF on Friday 29 June 2018 at 10.45 am, and which are set out in the notice of AGM at the end of this document (the "Notice").

Shareholders should read the contents of this document in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2017, together with the reports of the directors and auditors thereon (the "Accounts"), copies of which are being mailed to Shareholders together with this notice.

## The Board of directors

The Company's Articles of Association provide that directors are subject to election by shareholders at the first opportunity after their appointment. In addition, one third of directors are subject to retirement by rotation at each annual general meeting. The Board has agreed that, in line with best corporate governance practice, all directors should stand for re-appointment at the 2018 Annual General Meeting.

Biographical details of each of the directors proposed for reappointment are set out on the Company's website at [www.velocys.com](http://www.velocys.com).

## Annual General Meeting

The following resolutions will be proposed at the AGM:

### Ordinary Resolutions

Resolutions nos. 1 to 9 are to be proposed at the Meeting as ordinary resolutions (each requiring more than 50 per cent. of the votes cast to be in favour of the resolution in order for it to be passed), as follows:

#### Resolution no. 1 – Report and Accounts

To receive, consider and adopt the annual accounts of the Company as at 31 December 2017 and the directors' and auditors' reports thereon (resolution no. 1);

To re-elect the following directors who retire in accordance with the provisions of the UK Corporate Governance Code and, being eligible, offer themselves for election. The Board has noted that Dr. Pierre Jungels has served more than three consecutive three year terms of office and considers that he continues to make a significant contribution to the Company:

#### Resolution no. 2 – Re-election of director

To re-elect Sandy Shaw, who retires as a director and, being eligible, offers herself for re-election as a director at the Annual General Meeting (resolution no. 2);

#### Resolution no. 3 – Re-election of director

To re-elect David Pummell, who retires as a director and, being eligible, offers himself for re-election as a director at the Annual General Meeting (resolution no. 3);

#### Resolution no. 4 – Re-election of director

To re-elect Pierre Jungels, who retires as a director and being eligible, offers himself for re-election as a director at the Annual General Meeting (resolution no. 4);

**Resolution no. 5 – Re-election of director**

To re-elect Andrew Morris, who retires as a director and being eligible, offers himself for re-election as a director at the Annual General Meeting (resolution no. 5);

**Resolution no. 6 – Re-election of director**

To re-elect Paul Schubert, who retires as a director and being eligible, offers himself for re-election as a director at the Annual General Meeting (resolution no. 6);

**Resolution no. 7 – Re-appointment of auditors**

To re-appoint PricewaterhouseCoopers LLP as auditors of the Company (resolution no. 7);

**Resolution no. 8 – Determination of auditors' remuneration**

To authorise the directors to fix the auditors' remuneration (resolution no. 8); and

**Resolution no. 9 – Authority of directors to allot shares**

Resolution no. 9 will be proposed as an ordinary resolution to authorise the directors to allot Equity Securities (as defined in the Articles) up to a maximum aggregate nominal amount of £1,101,075.88 (representing approximately 33% of the total ordinary share capital of the Company presently in issue). This authority replaces the authority granted on 22 June 2017 and will expire on 31 July 2019 or at the conclusion of the next AGM, whichever is the earlier. The directors have no present intention of exercising this authority.

**Special Resolutions**

Resolution nos. 10 and 11 are to be proposed at the Meeting as special resolutions (each requiring at least 75 per cent. of the votes cast to be in favour of the resolution in order for it to be passed), as follows:

**Resolution no. 10 – Renewal of authority of directors to allot shares for cash disapplying statutory pre-emption rights**

Resolution no. 10 will be proposed as a special resolution to empower the directors to issue Equity Securities on a non pre-emptive basis up to a maximum aggregate nominal value of £330,322.77 (representing approximately 10 per cent. of the total ordinary share capital of the Company presently in issue). The directors have no present intention of exercising this authority but it will enable the directors, at their discretion, to allot a limited number of equity securities (or treasury shares) for cash and also provide the directors with greater flexibility to take advantage of business opportunities as they arise.

**Resolution no. 11 – Authority to purchase own shares**

Resolution no. 11 will be proposed as a special resolution to authorise the Company to purchase up to 330,322.77 of its own ordinary shares in the market, representing 10 per cent. of the current issued ordinary share capital of the Company, at a price of not less than the nominal value of the ordinary shares and not more than the amount equal to 5 per cent. above the average of the middle market quotations of the ordinary shares as derived from the London Stock Exchange for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased. If approved, this authority will expire at the conclusion of next year's AGM.

The directors have no present intention of making such purchases, but it is considered to be prudent to have this authority so as to be able to act at short notice if circumstances change. The authority would, however, only be exercised if the directors believe that to do so would result in an increase in earnings per share and would be in the best interests of shareholders generally.

Options over an aggregate of 9,914,317 ordinary shares in the Company were outstanding as at 24 May 2018 (being the latest practicable date prior to printing this document) representing 3.00 per cent. of the Company's issued ordinary share capital at that date and which would represent 3.33 per cent of the Company's issued ordinary share capital if the authority proposed at the AGM to buy back 33,032,277 ordinary shares was exercised in full (and all of the repurchased shares were cancelled).

The resolution will also permit the Company to purchase its own shares to hold as treasury shares rather than cancelling them. The treasury shares can be subsequently cancelled, sold for cash or used to satisfy share awards granted under employee share award schemes and would therefore provide the Company with additional flexibility in the management of its capital base. As at 24 May 2018, the Company did not hold any of its ordinary shares as treasury shares.

The directors would consider holding as treasury shares any shares which the Company purchases pursuant to the authority proposed to be granted by resolution no. 11. In relation to any repurchased shares held in treasury however, unless such shares are subsequently cancelled, earnings per share will only be increased on a temporary basis until such time as the shares are subsequently sold out of treasury.

# Letter from the Chairman of the Company (continued)

(Incorporated and registered in England & Wales  
with registered number: 05712187)

## Action to be taken

Shareholders will find enclosed with this document a Form of Proxy for use at the AGM. Whether or not you propose to attend the AGM in person, you are requested to complete and lodge the Form of Proxy with the Company's registrars at Link Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, or online at [www.signalshares.com](http://www.signalshares.com) citing your Investor Code (which can be found on your share certificate), or via the CREST electronic platform if you are a CREST member, but in any event your instruction must be received by no later than 10.45 am on Wednesday 27 June 2018. Detailed information about how to vote is set out in the notes to the Form of Proxy. Unless the Form of Proxy is lodged by this date and time, the Form of Proxy will be invalid. The completion and lodging of a Form of Proxy will not preclude you from attending the AGM and voting in person if you so wish.

## Recommendation

The directors consider the resolutions to be proposed at the AGM are in the best interests of the Company and the shareholders as a whole. Consequently, the directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the AGM as they intend to do in respect of their own beneficial holdings which in aggregate amount to 765,789 ordinary shares in the Company, representing 0.23 per cent. of the Company's current issued ordinary share capital and of the votes that could be cast at the AGM.

Yours faithfully



**Pierre Jungels**  
Chairman  
5 June 2018

Registered Office:  
Harwell Innovation Centre  
173 Curie Avenue  
Harwell  
Oxfordshire  
OX11 0QG

# Velocys plc

(Incorporated and registered in England & Wales  
with registered number: 05712187)

**NOTICE IS HEREBY GIVEN THAT the ANNUAL GENERAL MEETING** of the Company will be held at the offices of Mayer Brown International LLP, 201 Bishopsgate, London EC2M 3AF on Friday 29 June 2018 at 10.45 am to consider and, if thought fit, pass the following resolutions. Resolutions nos. 1 to 9 will be proposed as ordinary resolutions and resolutions nos. 10 and 11 will be proposed as special resolutions.

## As ORDINARY BUSINESS

### Ordinary resolutions

1. To receive, consider and adopt the annual accounts of the Company as at 31 December 2017 and the directors' and auditors' reports thereon.
2. To re-elect Sandy Shaw (Non-Executive Director, Chair of the Remuneration Committee, and a member of the Audit and Risk and Nomination Committees) as a director of the Company.
3. To re-elect David Pummell (Executive Director and Chief Executive Officer) as a director of the Company.
4. To re-elect Pierre Jungels (Chairman of the Board and Chairman of the Nomination Committee) as a director of the Company.
5. To re-elect Andrew Morris (Non-Executive Director, Chairman of the Audit and Risk Committee, and a member of the Remuneration and Nomination Committees) as a director of the Company.
6. To re-elect Paul Schubert (Executive Director and Chief Operating Officer) as a director of the Company.
7. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company to hold office from the conclusion of the annual general meeting until the conclusion of the next general meeting of the Company at which accounts are laid.
8. To authorise the directors of the Company to fix the remuneration of the auditors.

## As SPECIAL BUSINESS

### Ordinary resolution

9. That
  - (a) the directors of the Company be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "**Act**") to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company ("**Rights**") up to an aggregate nominal amount of £1,101,075.88 (representing approximately 33 per cent. of the Company's issued ordinary share capital at the date of posting of this notice) such authority to expire, unless sooner revoked or altered by the Company in general meeting, on 31 July 2019 or at the conclusion of the next annual general meeting of the Company in 2019 (whichever is the earlier) and provided further that the Company may before the expiry of this authority make an offer or agreement which would or might require shares to be allotted or Rights to be granted after the expiry of this authority and the directors may allot shares or grant Rights in pursuance of any such offer or agreement as if the authority conferred hereby had not expired; and
  - (b) all other authorities conferred on the directors prior to the date of passing of this resolution to allot equity securities are hereby revoked save to the extent that such authorities have been utilised or agreed to be utilised.

### Special resolution

10. That pursuant to the authority conferred by resolution numbered 9 being passed, the directors be and they are empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) wholly for cash pursuant to the authority conferred by the previous resolution as if sub-section (1) of Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
  - (a) in connection with an offer of such securities by way of rights to holders of ordinary shares of 1p each in the capital of the Company ("**ordinary shares**") in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
  - (b) otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £330,322.77 (representing 10% of the Company's issued ordinary share capital at the date of posting this notice),

and shall expire on 31 July 2019 or at the conclusion of the next annual general meeting of the Company in 2019 (whichever is the earlier), and provided further that the Company may before the expiry of this authority make an offer or agreement which would or might require relevant securities to be allotted after the expiry of this authority and the directors may allot equity securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560 (3) of the Act as if in the first paragraph of this resolution the words "pursuant to the authority conferred by resolution numbered 9 being passed" were omitted.

## **Velocys plc** (continued)

(Incorporated and registered in England & Wales  
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### **Special resolution**

11. That the Company be and is generally and unconditionally authorised for the purposes of section 701 of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) on the AIM market of the London Stock Exchange of its ordinary shares provided that:
- (a) the maximum aggregate number of ordinary shares authorised to be purchased is 33,032,277 (representing 10% of the Company's issued ordinary share capital at the date of posting of this notice);
  - (b) the minimum price which may be paid for such shares is 1p per ordinary share;
  - (c) the maximum price which may be paid for an ordinary share shall not be more, at the time of purchase, than the amount equal to 105 per cent. of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange for the five business days immediately preceding the date on which the ordinary share is purchased;
  - (d) unless previously renewed, varied or revoked, the authority conferred shall expire at the conclusion of the next annual general meeting of the Company in 2019; and
  - (e) the Company may make a contract or contracts to purchase ordinary shares under the authority conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract or contracts, as if such authority had not expired.

### **BY ORDER OF THE BOARD**



**Jeremy Gorman FCA**  
Secretary  
5 June 2018

**Registered Office:**  
Harwell Innovation Centre  
173 Curie Avenue  
Harwell  
Oxfordshire  
OX11 0QG

## NOTES:

1. A member of the Company entitled to attend, speak and vote at a general meeting of the Company is entitled to appoint a proxy to attend, speak and vote instead of him or her. A proxy need not be a member of the Company. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. To appoint more than one proxy you should complete the form of proxy and attach a schedule to your proxy form setting out your proxy appointments. If you wish to appoint a proxy, please use the Form of Proxy enclosed, follow the instructions at note 4 below if you wish to appoint a proxy through the CREST electronic proxy appointment service, or follow the instructions at note 3 below if you wish to appoint your proxy online at [www.signalshares.com](http://www.signalshares.com), but in any event your instruction must be received by **no later than 10.45 am on Wednesday 27 June 2018**. Completion of the Form of Proxy does not preclude a member from subsequently attending and voting at the meeting in person if he or she so wishes.
2. **Appointment of proxies using hard copy form.** The accompanying Form of Proxy should be completed and returned as soon as possible and, in any event, so as to reach the Company's registrars at Link Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF **no later than 10.45 am on Wednesday 27 June 2018**.
3. **Appointment of proxies electronically.** You may submit your proxy electronically using the Share Portal service at [www.signalshares.com](http://www.signalshares.com). If not already registered for the Share Portal, you will need your Investor Code which is stated on your share certificate. The proxy appointment and instructions should reach the Company's registrars by the latest time for receipt of proxy appointments specified in note 1. You are advised to read the terms and conditions of use carefully.
4. **CREST electronic proxy appointment service.** CREST members who wish to appoint a proxy or proxies through the CREST electronic platform may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message must, in order to be valid, (regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time for receipt of proxy appointments specified in note 1. 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 by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy appointed through CREST should be communicated to him or her by other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the register of members of the Company as at close of business on Wednesday 27 June 2018 (or, in the case of an adjournment, as at close of business on the day two business days prior to the day of the adjourned meeting) shall be entitled to attend and/or vote at the meeting in respect of the number of ordinary shares registered in their name at that time. Changes to entries on the register of members after close of business on Wednesday 27 June 2018 (or, in the case of an adjournment, after close of business on the day two days prior to the day of the adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote at the meeting.
6. As at 4 June 2018 (being the last business day prior to the date of this notice) the Company's issued share capital consisted of 330,322,765 ordinary shares each carrying one vote per share. Accordingly the total voting rights in the Company as at 4 June 2018 were 330,322,765.
7. Copies of the directors' service contracts and terms and conditions of appointment will be available for inspection at the registered office of the Company during normal business hours and at the place of the meeting from 15 minutes prior to the meeting until its conclusion.
8. A copy of this Notice, and other information required by section 311A of the UK Companies Act 2006, can be found on the Company's website ([www.velocys.com](http://www.velocys.com)).

