

Nanoco Group plc

(Incorporated and registered in England and Wales with registered number 05067291)

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about its contents or as to the action which you should take, you are recommended to seek your own independent financial advice from your stockbroker, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 (as amended).

If you have sold or transferred any or all of your shares in Nanoco Group plc please pass this document together with the accompanying Annual Report and Accounts for the year ended 31 July 2015 (the "Report and Accounts") and Proxy Form as soon as possible 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.

This document should be read as a whole together with the accompanying Report and Accounts and Proxy Form and the Notice of Annual General Meeting 2015 set out at the end of this document. Whether or not Shareholders propose to attend the 2015 Annual General Meeting ("AGM"), they are requested to complete and send or deliver the enclosed Proxy Form in accordance with the instructions printed on such form to Nanoco Group plc's registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, B63 3DA by no later than 10.30 a.m. on 8 December 2015, being 48 hours before the time appointed for holding the meeting (excluding UK non working days) or, in circumstances where the AGM is adjourned, 48 hours before the time of the adjourned meeting, excluding any UK non-working days. The return of a Proxy Form will not preclude a member from attending and voting at the AGM in person should he/she subsequently decide to do so. 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 of authority) must be included with the proxy form.

Notice of Annual General Meeting 2015

To be held at:

46 Grafton Street
Manchester
Greater Manchester
M13 9NT

Date & Time:

10 December 2015 at 10.30 a.m.

Nanoco Group plc (the "Company")

Incorporated and registered in England & Wales with registered number 05067291

Registered office:

46 Grafton Street
Manchester
Greater Manchester
M13 9NT

Directors:

Anthony Clinch (Non Executive Chairman)

Dr Michael Edelman (Chief Executive Officer)

Dr Nigel Pickett (Chief Technology Officer)

Keith Wiggins (Chief Operating Officer)

David Blain (Chief Financial Officer)

Dr Peter Rowley (Non Executive Director)

Gordon Hall (Non Executive Director)

Robin Williams (Non Executive Director)

Brendan Cummins (Non-Executive Director)

9 November 2015

To: Shareholders of Nanoco Group plc

Dear Shareholder,

Annual General Meeting – 10 December 2015

I have pleasure in inviting you to the 2015 Annual General Meeting (the "Meeting" or "AGM") of Nanoco Group plc which will be held at 46 Grafton Street, Manchester, Greater Manchester, M13 9NT at 10.30 a.m. on 10 December 2015. This document includes the Notice of AGM which sets out the resolutions that shareholders are being asked to consider and vote on. These resolutions are a very important part of the governance of the Company and all shareholders are urged to vote, whether they are able to attend the Meeting or not. If you would like to vote on the resolutions but cannot come to the AGM, please fill in the Proxy Form sent to you with this document and return it to our registrars as soon as possible. They must receive it by 10.30 a.m. on 8 December 2015 (or, in circumstances where the AGM is adjourned, 48 hours before the time of the adjourned meeting, excluding any UK non-working days).

This is our first annual general meeting since the Company's entire issued share capital was admitted to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the Main Market of the London Stock Exchange on 01 May 2015 (the "Listing") and the business to be considered at the Meeting reflects the ordinary business and related ordinary and special resolutions that will be put to the annual general meeting of the Company in all future years. In addition, there will be an ordinary resolution which will be required to be put to the annual general meeting of the Company not less than once in every three year period to approve the Company's remuneration policy, as required under the executive remuneration regime applicable to all UK quoted companies. Further details of the resolutions to be proposed at the AGM are set out in this letter.

Explanation of business of the Meeting

In addition to the ordinary business of the AGM, which includes ordinary resolutions numbered 1 to 11 and special resolutions numbered 12 to 14, there are two items of special business in the form of ordinary resolutions 15 and 16 to be transacted at the AGM. Detailed explanatory notes on all the business to be considered at this year's AGM are set out below.

Resolutions numbered 1 to 11 and resolutions 15 and 16 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions numbered 12 to 14 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three quarters of the votes cast must be in favour of the resolution.

ORDINARY BUSINESS

Ordinary Resolutions (1 to 11)

Resolution 1– Approval of Reports and Accounts

The Companies Act 2006 (the “2006 Act”) requires the directors of a public company to lay before the company in general meeting copies of its annual report and accounts in respect of each financial year prior to the end of the period for filing of those reports and accounts. Resolution 1 deals with the receipt by the shareholders of the Company’s audited accounts and the reports of the directors of the Company (the “Directors”) and the auditors, for the year ended 31 July 2015. Shareholders will have the opportunity to put any questions to the Directors before the resolution is proposed to the Meeting.

Resolution 2 and Resolution 3 – Re-appointment of auditor and auditors’ remuneration

The auditor of the Company must be submitted for re-appointment at each general meeting at which the accounts are laid. Resolution 2 proposes the re-appointment of Ernst & Young LLP, the Company’s existing auditors, as auditors of the Company for a further year. Resolution 3 gives authority to the board of Directors (the “Board”) to determine the auditors’ remuneration.

Resolution 4 to Resolution 7 – Election and re-election of Directors

Since the last annual general meeting, the Directors have appointed David Blain, Brendan Cummins and Keith Wiggins¹ as directors of the Company and each of them are seeking election through separate resolutions numbered 4, 5 and 6 respectively.

Resolution 7 deals with the re-election of Dr Peter Rowley as a director of the Company. The Company’s Articles of Association adopted by special resolution on 22 April 2015 (as amended, the “Company’s Articles”) require all directors of the Company to submit themselves for re-election at least every three years. Additionally, the directors recognise the importance of sound corporate governance and intend to ensure that the Company continues to comply with such principles of UK Corporate Governance Code issued by the Financial Reporting Council (the “Code”) as are appropriate to the size, nature and stage of development of the Company. Provision B.7.1 of the Code provides that all directors should be subject to re-election by shareholders at intervals of no more than three years. Dr Peter Rowley is therefore acting in accordance with the Company’s Articles and the Code and, being eligible, will retire voluntarily and submits himself for re-election.

Biographical details of all the Directors standing for election or re-election can be found on pages 26 and 27 of the Report and Accounts and on the Company’s website.

Following an assessment of the performance of each individual Director, the Nomination Committee has confirmed to the Board that each Director continues to make an effective and valuable contribution and that they demonstrate excellent commitment to their respective roles. The Board therefore supports each Director’s election or re-election.

Resolution 8 – Approval of report on Directors’ remuneration

The 2006 Act requires quoted companies, at each general meeting at which statutory accounts are to be laid, to propose an ordinary resolution approving the Report on Directors’ Remuneration for the year (the “Remuneration Report”). Resolution 8 deals with the Company’s Remuneration Report whereby shareholders will be asked to approve the content of the Remuneration Report including the Annual Statement by the Chairman of the Remuneration Committee. This vote will be in respect of the content of the Remuneration Report for the financial year ended 31 July 2015, a copy of which is included in the Report and Accounts at pages 32 to 49. The vote is advisory in nature and does not affect the actual remuneration paid to any individual Director.

Resolution 9 – Approval of remuneration policy

Shareholders are given the opportunity by law to vote on whether they approve the Directors’ remuneration policy. Resolution 9 deals with the Directors’ remuneration policy which is set out on pages 34 to 42 of the Report on Directors’ Remuneration (the “Directors’ Remuneration Policy”). The Directors’ Remuneration Policy sets out the Company’s forward looking policy on Directors’ remuneration and is subject to a binding shareholder vote. Shareholders will be asked to approve the content of the Directors’ Remuneration Policy which describes the components of the Executive and Non-Executive Directors’ remuneration. If Resolution 9 is approved, the Directors’ Remuneration Policy will take effect immediately after the conclusion of the AGM (the “Effective Date”) and is binding since, in general terms, from the Effective Date the Company will only be able to make a remuneration payment to a current or prospective Director or a payment for loss of office to a current or past Director if that payment is either consistent with the Director’s Remuneration Policy or, if it is inconsistent with the Directors’ Remuneration Policy, it is approved by a separate shareholder resolution.

The Directors are required to seek shareholder approval for a remuneration policy at least every three years, except to the extent that a change to the Directors’ Remuneration Policy is proposed or the advisory vote on the Remuneration Report is not passed in any year subsequent to the approval of the Directors’ Remuneration Policy.

¹ Keith Wiggins was appointed prior to the 2014 AGM (held on 11 December 2014) but after the notice of AGM 2014 was circulated to shareholders.

Resolution 10 – Approval for political donations

It remains the policy of the Company not to make political donations or incur political expenditure. However, the Directors consider that it is in the best interests of shareholders for the Company to participate in public debate and opinion-forming on matters which affect its business. To avoid inadvertent infringement of the 2006 Act, which defines political donations and expenditure widely, the Directors are seeking shareholders' authority for the Company and its UK subsidiaries to make political donations and to incur political expenditure, up to a maximum aggregate amount of £50,000, during the period from the date of the Meeting until the conclusion of the annual general meeting of the Company to be held in 2016 or, if earlier, 15 months from the date of the passing of the resolution, unless such authority is renewed prior to this time.

Neither the Company nor any of its subsidiaries has made any political donations since the Listing and the Company proposes to maintain its policy of not making such payments.

Resolution 11 – Authority of the Directors to issue and allot new Ordinary Shares

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 of the 2006 Act. Upon the passing of Resolution 11, the Directors will have authority (pursuant to paragraph (a) of Resolution 11) to allot Ordinary Shares in the capital of the Company ("Ordinary Shares") (and other relevant securities, as defined within Section 551 of the 2006 Act) up to an aggregate nominal amount of £7,902,178.53 which is approximately one third of the Company's issued ordinary share capital (excluding treasury shares) as at 3 November 2015, being the latest practicable date before the publication of this document.

In addition, in accordance with guidance from the Investment Association (the "IA") on the expectations of institutional investors in relation to the authority of directors to allot shares, which the Directors believe it is appropriate for the Company to follow, upon the passing of Resolution 11, the Directors will have authority (pursuant to paragraph (b) of Resolution 11) to allot, including the Ordinary Shares referred to in paragraph (a) of Resolution 11, further Ordinary Shares (and other relevant securities, as defined within Section 551 of the 2006 Act) in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount of £15,804,357.07 as reduced by the nominal amount of any shares issued under paragraph (a) of Resolution 11. This amount (before any reduction) represents approximately two thirds of the Company's current issued ordinary share capital (excluding treasury shares) as at 3 November 2015, being the latest practicable date before the publication of this document.

As a result, if Resolution 11 is passed, the Directors could allot shares representing up to two thirds of the current issued share capital of the Company pursuant to a rights issue.

Although the Directors have no present intention to exercise this authority other than in connection with the exercise of options granted pursuant to the Company's employee share schemes, it is considered desirable to give the Directors the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities in the interests of the Company as a whole.

This authority will, if granted, expire on the conclusion of the annual general meeting of the Company to be held in 2016 or, if earlier, 15 months from the date of the passing of the resolution, unless such authority is renewed prior to this time. The Directors intend to renew such power at successive annual general meetings in accordance with current best practice.

As at 3 November 2015, being the last practicable date prior to publication of this document, the Company held 12,222 Ordinary Shares in treasury.

Special Resolutions (12 to 14)

Resolution 12 – Disapplication of statutory pre-emption rights

If the Directors wish to exercise the authority under Resolution 11 and offer shares (or sell any shares which the Company currently holds and/or may subsequently purchase and elect to hold as treasury shares) for cash, the 2006 Act requires that unless shareholders have given specific authority for the waiver of their statutory pre-emption rights, the new shares must 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 or to sell treasury shares for cash without first offering them to existing shareholders in proportion to their holdings.

Resolution 12 would, if passed, authorise the Directors to do this by allowing the Directors to allot shares for cash or sell treasury shares for cash (i) by way of a rights issue (subject to certain exclusions), or by way of an open offer or other offer of securities (not being a rights issue) in favour of existing shareholders in proportion to their shareholdings (subject to certain exclusions) or (ii) otherwise up to an aggregate nominal value of £2,370,653.56 which is equivalent to approximately ten (10) per cent of the Company's issued ordinary share capital (excluding treasury shares) as at 3 November 2015, being the latest practicable date before the publication of this document, in each case, without the shares first being offered to existing shareholders in proportion to their existing holdings.

The authority to issue up to ten (10) per cent of the issued Ordinary Share capital of the Company reflects guidance from the Pre-Emption Group's revised Statement of Principals published on 12 March 2015 (the "PEG Principals"). The PEG Principals provide the Company with greater flexibility to undertake non-pre-emptive issuances in connection with acquisitions and specified capital investments. The Directors confirm, in accordance with the PEG Principals, that it is intended that a maximum of £1,185,326.78 (representing five (5) per cent of its issued share capital excluding treasury shares) will be available for general purposes and that it will only allot shares with a nominal value in excess of £1,185,326.78 for cash pursuant to this authority where that allotment is in connection with an acquisition or specified capital investment (as described in the PEG Principals) which is announced contemporaneously with the issue, or which has taken place in the preceding six-month period and is disclosed in the announcement of the issue.

The existing authority granted to the Directors by shareholder resolution dated 11 December 2014 to allot shares for cash pursuant to sections 570 and 573 of the 2006 Act expires at the conclusion of the AGM.

Again, although the Directors have no present intention to exercise this authority other than in connection with the exercise of options granted pursuant to the Company's employee share schemes, it is considered prudent to give the Directors additional flexibility and the opportunity to finance expansion opportunities as and when they arise in the interests of the Company as a whole.

This authority, if granted, will expire on the conclusion of the annual general meeting of the Company to be held in 2016 or, if earlier, 15 months from the date of the passing of the resolution, unless such authority is renewed prior to this time. The Directors intend to renew such power at subsequent annual general meetings in accordance with current best practice.

Resolution 13 – Authority of the Company to purchase its own shares

The existing authority granted to the Directors by shareholder resolution dated 11 December 2014 to purchase its own shares will expire at the conclusion of the AGM.

The Directors consider that it would be beneficial if, in certain circumstances, the Company had the power to purchase its own Ordinary Shares, albeit that no share buybacks were carried out during the reporting year ended 31 July 2015, for the purposes of returning surplus funds to shareholders and providing a return on investments. The Directors therefore consider that it would be beneficial for the shareholders as a whole if the Company was to be granted the flexibility to repurchase its own shares.

Accordingly, the Directors recommend that the existing power to purchase Ordinary Shares (in defined circumstances) up to a maximum prescribed limit be renewed for a further limited period.

The Company will only make such purchases if the Directors are satisfied, after careful consideration, that these are in the best interests of the Company and shareholders generally and could be reasonably expected to result in an increase in expected earnings per share. Furthermore, account will be taken of the overall financial implications for the Company.

If such purchases of its own shares were made, the Company would be able to do either, or a combination of, the following:

- (a) cancel the purchased Ordinary Shares so reducing the total number of Ordinary Shares in issue; or
- (b) where the Ordinary Shares were purchased out of distributable profits, subject to certain limitations, hold them as treasury shares.

Treasury shares themselves may be cancelled, sold for cash or transferred for the purposes of the Company's share schemes. The statutory pre-emption rights apply to a sale of treasury shares for cash and the disapplication of the statutory pre-emption rights in Resolution 12 includes, within the authorised amount, any sales of treasury shares for cash which may occur. Finally, if such purchases were made, to the extent the purchased shares are held as treasury shares, any increase in earnings per share would only be temporary, until the shares in question were either cancelled, or sold, or transferred out of treasury.

Resolution 13 authorises the Directors to purchase up to a maximum of 2,370,653.56 Ordinary Shares, being approximately 10 per cent of the Company's issued ordinary share capital (excluding treasury shares) as at 3 November 2015, and provides that the maximum price per Ordinary Share payable on any exercise of the authority shall be the higher of (i) an amount equal to 105 per cent of the average of the market value for an Ordinary Share as derived from the Daily Official List of the London Stock Exchange plc for the five business days prior to making any purchase and (ii) the higher of the price of the last independent trade and the highest current bid on the London Stock Exchange plc at the time the purchase is carried out. The minimum price payable shall be 10 pence per Ordinary Share, being the nominal value of an Ordinary Share. For this purpose, both the maximum and minimum prices permitted to be paid are exclusive of expenses.

As at 3 November 2015, the number of Ordinary Shares in respect of which options have been granted and, on the assumption that the share price remains at not less than £0.59 (being the share price as at 3 November 2015, being the latest practicable date prior to the printing of this document) and that all other conditions to the exercise of such options have been satisfied, which remain outstanding is 10,121,833 Ordinary Shares (constituting approximately 4.3 per cent of the current issued Ordinary Share capital of the Company as at 3 November 2015). If the Company was to buy back the maximum number of Ordinary Shares permitted pursuant to Resolution 13, then the total number of options to subscribe for Ordinary Shares (on the assumptions set out above) outstanding as at 3 November 2015 would represent approximately 4.7 per cent of the reduced issued share capital.

This authority, if granted, will expire at the conclusion of the annual general meeting of the Company to be held in 2016 or, if earlier, 15 months from the date of the passing of the resolution, unless such authority is renewed prior to this time.

The Board intends to seek renewal of this power at subsequent annual general meetings in accordance with current best practice.

Resolution 14 – Reduced notice of General Meetings (other than annual general meetings)

Resolution 14 will be proposed to enable the Company to call general meetings (other than annual general meetings) on 14 clear days' notice. Changes made to the 2006 Act by the Companies (Shareholders' Rights) Regulations 2009 (the "Shareholders' Rights Regulations") increase the required notice period for general meetings from 14 clear days to 21 clear days, unless shareholders approve a shorter notice period, which cannot be less than 14 clear days. Annual general meetings will continue to be held on 21 clear days' notice. Resolution 14 seeks approval to retain the flexibility available before the Shareholders' Rights Regulations came into force on 3 August 2009. It is intended that the shorter notice will only be used where it would clearly be to the advantage of shareholders as a whole and it would not normally be used where the proposals to be put before the meeting are not time sensitive. The approval will be effective until the next annual general meeting of the Company, when it is intended that a similar resolution will be proposed. Note that in order to take advantage of the reduced notice period of 14 clear days, the Company must make a means of electronic voting available to all shareholders for that meeting.

SPECIAL BUSINESS

Resolutions 15 and 16 – Approval of the proposed Nanoco 2015 Long Term Incentive Plan (the "2015 LTIP") and the proposed Nanoco 2015 Deferred Bonus Plan (the "2015 DBP")

Resolutions 15 and 16 relate to the Company's forward looking long term incentive arrangements. As envisaged and disclosed as part of the Listing and following subsequent consultation with the Company's major shareholders, changes to executive remuneration have been proposed to take effect from the start of the financial year commencing 1 August 2015. Those changes, and the Company's forward looking policy on directors' remuneration are set out in the Directors' Remuneration Report on pages 32 to 49 of the Annual Report and Accounts for the year ended 31 July 2015. To reflect and implement that forward looking policy, it is proposed that a new Long Term Incentive Plan and a new Deferred Bonus Plan be adopted.

A summary of the principal terms of the 2015 LTIP is set out in Appendix 1 to this document.

A summary of the principal terms of the 2015 DBP is set out in Appendix 2 to this document.

Certain provisions which apply to each of the 2015 LTIP and the 2015 DBP are set out in Appendix 3 to this document.

Action to be taken by Shareholders

Every shareholder has a right to attend the AGM or to appoint one or more proxies to attend in his/her stead. Enclosed with this letter is a Proxy Form for use at the AGM.

Proxy Forms should be completed and returned in accordance with the instructions printed thereon so that they arrive at the Company's registrars, Neville Registrars Limited, as soon as possible and in any event not later than 48 hours before the time fixed for the AGM (excluding non working days), that is to say no later than 10.30 a.m. on 8 December 2015 or, in circumstances where the AGM is adjourned, 48 hours before the time of the adjourned meeting, excluding any UK non-working days. Completion and return of a Proxy Form will not prevent shareholders from attending and voting at the AGM should they wish to do so.

Recommendations

Your Directors consider that the resolutions to be put to the Meeting are in the best interests of the Company and its shareholders as a whole and are most likely to promote the success of the Company for the benefit of shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of all of the resolutions to be proposed at the AGM, as they intend to do in respect of their own interests (both beneficial and non beneficial), amounting in aggregate to 18,303,651 Ordinary Shares.

I look forward to your attendance at the AGM.

Yours sincerely

Anthony Clinch
Non-Executive Chairman

Nanoco Group plc

Notice of Annual General Meeting

Nanoco Group plc

Notice is hereby given that the 2015 Annual General Meeting ("AGM") of Nanoco Group plc (the "Company") will be held at 46 Grafton Street, Manchester, Greater Manchester, M13 9NT at 10.30 a.m. on 10 December 2015, or any adjournment thereof, for the following purposes:

Resolutions

To consider, and if thought fit, to pass the following Resolutions of which numbers 1 to 11 will be proposed as ordinary resolutions and numbers 12 to 14 as special resolutions as part of the ordinary business of the Company and Resolutions 15 and 16 which will be proposed as ordinary resolutions as part of the special business of the Company.

ORDINARY BUSINESS

Ordinary Resolutions

Resolution 1 – Accounts and Report

To receive and adopt the Company's audited accounts and financial statements for the year ended 31 July 2015 together with the Directors' Report and Auditors' Report.

Resolution 2 – Re-appointment of the Auditors

To re-appoint Ernst & Young LLP as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting at which the accounts are to be laid before the Company.

Resolution 3 – Auditors' Remuneration

To authorise the Board of Directors of the Company to agree the remuneration of the Company's auditors.

Resolution 4 – Election of Director

To elect David Blain as a director of the Company.

Resolution 5 – Election of Director

To elect Brendan Cummins as a director of the Company.

Resolution 6 – Election of Director

To elect Keith Wiggins as a director of the Company.

Resolution 7 – Re-election of Director

To re-elect Dr Peter Rowley as a director of the Company.

Resolution 8 – Report on Directors' Remuneration

To approve the Report on Directors' Remuneration contained within the Annual Report and Accounts for the year ended 31 July 2015. The full text of the report is contained on pages 32 to 49 of the Company's annual report, and sets out the Company's policy towards, and gives details of, directors' remuneration and other relevant information.

Resolution 9 – Approval of remuneration policy

To approve the Directors' Remuneration Policy contained on pages 34 to 42 of the Report on Directors' Remuneration within the Annual Report and Accounts for the year ended 31 July 2015 which will take effect immediately after the end of the AGM.

Resolution 10 – Approval for political donations

That the Company, and those companies that are subsidiaries of the Company at any time during the period for which this Resolution has effect, be authorised for the purposes of Part 14 of the Companies Act 2006 (the "2006 Act"), during the period from the date of passing of this Resolution until the conclusion of the annual general meeting of the Company to be held in 2016 or, if earlier, 15 months from the date of the passing of this Resolution:

- (a) to make political donations to political parties and/or independent election candidates;
- (b) to make political donations to political organisations other than political parties; and
- (c) to incur political expenditure,

provided that the aggregate amount of any such donations and expenditure made by the Company or any subsidiary shall not exceed £50,000.

All existing authorisations and approvals relating to political donations or expenditure under Part 14 of the 2006 Act are hereby revoked without prejudice to any donation made or expenditure incurred prior to the date hereof pursuant to such authorisation or approval.

Words and expressions defined for the purposes of the 2006 Act shall have the same meaning in this Resolution.

Resolution 11 – Authority to Allot Shares

That, in substitution for any existing authority, the directors of the Company be and hereby are generally and unconditionally authorised in accordance with section 551 of the 2006 Act to exercise all the powers of the Company to allot Ordinary Shares of 10 pence each in the capital of the Company ("Ordinary Shares"):

- (a) up to an aggregate nominal amount of £7,902,178.53 being approximately one third of the nominal value of the ordinary shares (excluding treasury shares) in issue on 3 November 2015; and
- (b) comprising equity securities (within the meaning of section 560 of the 2006 Act) up to an aggregate nominal amount of £15,804,357.07 (such amount to be reduced by the nominal amount of any relevant securities allotted under paragraph (a) above) in connection with an offer by way of a rights issue,

to holders of Ordinary Shares in proportion (as nearly as may be practical) to their existing holdings and to holders of other equity securities if this is required by the rights of those securities or, if the directors of the Company consider it necessary, as permitted by the rights of those securities but subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to treasury shares, fractional entitlements or securities represented by depositary receipts, record dates, or legal or regulatory or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or any other matter.

The authority hereby conferred shall expire at the conclusion of the annual general meeting of the Company to be held in 2016 or, if earlier, 15 months from the date of the passing of this Resolution, unless such authority is renewed prior to this time. Under the authority hereby conferred, the directors of 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 convert any security into, shares to be granted after such expiry and the directors of the Company may allot shares or grant rights to subscribe for, or convert any security into, shares (as the case may be) in pursuance of such an offer or agreement as if the relevant authority conferred in this Resolution had not expired.

Special Resolutions

Resolution 12 – Disapplication of Pre-emption Rights

That (subject to the passing of Resolution 11) the directors of the Company be and hereby are authorised pursuant to and in accordance with sections 570 and 573 of the 2006 Act to allot equity securities (as defined in section 560 of the 2006 Act) wholly for cash pursuant to the authority conferred by Resolution 14 (set out in this Notice of AGM), as if section 561(1) of the 2006 Act did not apply to any such allotment provided that such power shall be limited to:

- (a) the allotment of equity securities in connection with an offer by way of rights, open offer or other pre-emptive offer to the holders of equity securities in the Company and other persons entitled to participate therein in proportion (as nearly as practicable) to their respective holdings of such securities or in accordance with the rights attached to them but subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to treasury shares, fractional entitlements or securities represented by depositary receipts, record dates, or legal or regulatory or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or any other matter; and
- (b) the allotment (otherwise than pursuant to sub paragraph (a) above) of equity securities up to a maximum aggregate nominal value of £2,370,653.56.

The authority hereby conferred shall expire at the conclusion of the annual general meeting of the Company to be held in 2016 or, if earlier, 15 months from the date of the passing of this Resolution, unless such authority is renewed prior to this time. Under the authority hereby conferred the directors of 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 convert any security into, shares to be granted after such expiry and the directors of the Company may allot shares or grant rights to subscribe for, or convert any security into, shares (as the case may be) in pursuance of such an offer or agreement as if the relevant authority conferred in this Resolution had not expired.

Resolution 13 – Company's Authority to Purchase its own Shares

That pursuant to the authorities contained in its articles of association ("Articles"), the Company be generally and unconditionally authorised for the purposes of section 701 of the 2006 Act to make one or more market purchases (within the meaning of section 693(4) of the 2006 Act) of Ordinary Shares on such terms and in such manner as the directors of the Company may think fit provided that:

- (a) the maximum aggregate number of Ordinary Shares authorised to be purchased is 23,706,535;
- (b) the minimum price which may be paid for an Ordinary Share is 10 pence, such minimum price being exclusive of any advance corporation tax and any expenses;

Notice of Annual General Meeting continued

- (c) the maximum price which may be paid for an Ordinary Share is the higher of (i) an amount equal to 105 per cent of the average of the market value for an Ordinary Share as derived from the London Stock Exchange plc Daily Official List for the five business days immediately preceding the day on which that Ordinary Share is contracted to be purchased; and (ii) an amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share on the London Stock Exchange plc at the time the purchase is carried out, such maximum price being exclusive of any advance corporation tax and any expenses; and
- (d) this authority shall expire at the conclusion of the next annual general meeting of the Company to be held in 2016 or, if earlier, 15 months from the date of the passing of this Resolution, unless such authority is renewed prior to this time.

Under the authority hereby conferred, the Company may before such expiry make an offer or agreement to purchase Ordinary Shares under this authority which would or might require to be executed wholly or partly after such expiry, and the Company may make a purchase of Ordinary Shares in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

Resolution 14 – Reduced notice of General Meetings (other than annual general meetings)

That a general meeting of the Company, other than an annual general meeting, may be called by notice of at least 14 clear days in accordance with the provisions of its Articles, provided that the authority of this Resolution shall expire on the conclusion of the annual general meeting of the Company to be held in 2016.

SPECIAL BUSINESS

Ordinary Resolution

Resolution 15 – Approval of The Nanoco 2015 Long Term Incentive Plan (the “2015 LTIP”)

That:

- (a) the rules of the Nanoco 2015 Long Term Incentive Plan (the “2015 LTIP”) in the form produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification, the principal terms of which are summarised in Appendix 1 and Appendix 3 to this Notice of AGM, be and they are hereby approved and the directors of the Company be and they are hereby authorised to adopt the 2015 LTIP and to do all acts necessary and things which they may, in their discretion, consider necessary or expedient to give effect to the 2015 LTIP; and
- (b) the directors of the Company be and they are hereby authorised to establish further plans based on the 2015 LTIP but modified to take account of local tax, exchange control or securities laws in overseas territories provided that any shares made available under such further plans are treated as counting against any limits on individual or overall participation in the 2015 LTIP.

Resolution 16 – Approval of The Nanoco 2015 Deferred Bonus Plan (the “2015 DBP”)

That:

- (a) the rules of the Nanoco 2015 Deferred Bonus Plan (the “2015 DBP”) in the form produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification, the principal terms of which are summarised in Appendix 2 and Appendix 3 to this Notice of AGM, be and they are hereby approved and the directors of the Company be and they are hereby authorised to adopt the 2015 DBP and to do all acts necessary and things which they may, in their discretion, consider necessary or expedient to give effect to the 2015 DBP; and
- (b) the directors of the Company be and they are hereby authorised to establish further plans based on the 2015 DBP but modified to take account of local tax, exchange control or securities laws in overseas territories provided that any shares made available under such further plans are treated as counting against any limits on individual or overall participation in the 2015 DBP.

By order of the Board

David Blain
Company Secretary

9 November 2015

Registered Office: 46 Grafton Street, Manchester, Greater Manchester, M13 9NT

Explanatory Notes:

The following notes explain your general rights as a shareholder and your rights to attend and vote at the AGM or to appoint someone else to vote on your behalf.

1. As permitted by Regulation 41 of the Uncertificated Securities Regulations 2001, shareholders who hold shares in certificated or uncertificated form must be entered on the Company's relevant share register (the "Register") at 6.00 p.m. on 8 December 2015 (the "Specified Time") in order to be entitled to attend and vote at the AGM. Such shareholders may only cast votes in respect of Ordinary Shares held at such time. Changes to entries on the relevant register after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting. Should the AGM be adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned AGM. Should the AGM be adjourned for a longer period, then to be so entitled, members must be entered on the Register at 6.00 p.m. on the date which is 48 hours before the time fixed for the adjourned AGM, excluding any UK non-working days or, if the Company gives notice of the adjourned AGM, at the time specified in the notice.
2. The right to appoint a proxy does not apply to persons whose Ordinary Shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the 2006 Act ("Nominated Persons"). Nominated Persons may have a right under an agreement with the registered shareholder who holds the Ordinary Shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the Ordinary Shares as to the exercise of voting rights.
3. Any member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend, speak and to vote instead of the member. A member may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different Ordinary Share or Ordinary Shares of the member. A proxy need not be a member of the Company. Completion and return of a Proxy Form will not preclude a member from attending, speaking and voting at the meeting in person, should he/she subsequently decide to do so. If a member has appointed a proxy and attends the meeting in person, the proxy appointment will automatically be terminated.
4. In order to be valid, any Proxy Form and power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority, must reach the Company's registrars, Neville Registrars Limited, in accordance with the instructions set out on the Proxy Form not less than 48 hours (excluding non working days) before the time of the AGM (10.30 a.m. on 8 December 2015 or, in circumstances where the AGM is adjourned, 48 hours before the time of the adjourned meeting, excluding any UK non-working days).
5. A Proxy Form accompanies this Notice of AGM. Details of how to appoint a proxy are set out in the notes to the Proxy Form. If a member wishes to appoint more than one proxy and so requires additional Proxy Forms, the member can photocopy the Proxy Form.
6. The total number of Ordinary Shares of 10p in issue as at 3 November 2015, being the last practicable day before printing of this Notice of AGM, was 237,077,578 Ordinary Shares carrying one vote each. There are 12,222 ordinary shares held in treasury as at 3 November 2015. The total level of voting rights in the Company as at this date was therefore 237,065,356.
7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournments of it by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed voting service providers, should refer to their sponsors or voting service providers, who will be able to take the appropriate action on their behalf.
- 7.1 For a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for those instructions as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to the previously appointed proxy or to an amendment to the instruction given to the previously appointed proxy, must, to be valid, be transmitted so as to be received by the Company's agent (ID: 7RA11) by the latest time for receipt of proxy appointments specified in the Notice of AGM. 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 Company'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 proxies appointed through CREST should be communicated to the appointee through other means.

Notice of Annual General Meeting continued

- 7.2 CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland 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 voting service providers, to procure that its CREST sponsors or voting service providers 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.
- 7.3 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.
8. Members should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the 2006 Act, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the 2006 Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with section 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.
9. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that: (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in (i) above.
10. The "Vote Withheld" option on the Proxy Form is provided to enable a member to abstain on any particular resolution. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "for" or "against" a particular resolution.
11. Copies of the service contracts and letters of appointment of each of the directors of the Company will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) and at the place of the AGM from at least 15 minutes prior to and until the conclusion of the AGM.
12. Copies of the rules of the Company's proposed performance share plan will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) and at the place of the AGM from at least 15 minutes prior to and until the conclusion of the AGM.
13. Any member attending the AGM has the right to ask questions. It would be helpful if members could state their name before asking a question. The Company must cause to be answered any question relating to the business to be dealt with at the meeting put by a member attending the meeting. However, members should note that no answer need be given in the following circumstances:
- (a) if to do so would interfere unduly with the preparation of the meeting or would involve a disclosure of confidential information;
 - (b) if the answer has already been given on a website in the form of an answer to a question; and/or
 - (c) if it is undesirable, in the interests of the Company or the good order of the meeting, that the question be answered.

14. To change a proxy instruction, a member needs to submit a new proxy appointment using the methods set out above. Note that the deadlines for receipt of proxy appointments (10.30 a.m. on 8 December 2015 or, in circumstances where the AGM is adjourned, 48 hours before the time of the adjourned meeting, excluding any UK non-working days) also apply in relation to amended instructions and any amended proxy appointment received after the relevant deadline will be disregarded. Where a member has appointed a proxy using the paper Proxy Form and would like to change the instructions using another such form, that member should contact the Company's registrar, Neville Registrars Limited, on 0121 585 1131, lines are open 9:00 a.m. to 5:00 p.m. Monday to Friday. If more than one valid proxy appointment is submitted, the appointment received last before the deadline for the receipt of proxies will take precedence.
15. In order to revoke a proxy instruction, a signed letter clearly stating a member's intention to revoke a proxy appointment must be sent by post or by hand to the Company's registrar, Neville Registrars Limited, in accordance with the instructions on the Proxy Form. Note that deadlines for receipt of proxy appointments (10.30 a.m. on 8 December 2015 or, in circumstances where the AGM is adjourned, 48 hours before the time of the adjourned meeting, excluding any UK non-working days) also apply in relation to revocations and any revocation received after the deadline will be disregarded.
16. In the event that a member is a joint holder and the joint holder purports to appoint a proxy, only the appointment submitted by the member whose name appears first on the register will be accepted.
17. Any electronic address provided either in this Notice of AGM or in any related documents (including the Proxy Form) may not be used to communicate with the Company for any purposes other than those expressly stated.
18. This Notice of AGM, together with information about the total number of Ordinary Shares and voting rights in the Company in respect of which members are entitled to exercise voting rights at the meeting as at 3 November 2015, being the last practicable day prior to the printing of this Notice of AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice of AGM, will be available on the Company's website, <http://www.nanocotechnologies.com/>.
19. Information regarding the AGM, including the information required by section 311A of the 2006 Act is available from: <http://www.nanocotechnologies.com/>.
20. The AGM will be held at 46 Grafton Street, Manchester, Greater Manchester, M13 9NT at 10.30 a.m. on 10 December 2015.

APPENDIX 1

Summary of the principal terms of the Company's proposed Nanoco 2015 Long Term Incentive Plan (the "2015 LTIP")

This Appendix 1 sets out a summary of certain terms of the 2015 LTIP. Certain provisions which apply to both the 2015 LTIP and the proposed Nanoco 2015 Deferred Bonus Plan are summarised in Appendix 3.

1. ELIGIBILITY

Any employee (including an executive director) of Nanoco Group PLC (for the purposes of this Appendix 1, the "Company") or any of its subsidiaries will be eligible to participate in the 2015 LTIP at the discretion of the Remuneration Committee.

2. FORM OF AWARDS

Awards under the 2015 LTIP may be in the form of:

- (a) a conditional right to acquire ordinary shares in the Company (for the purposes of this Appendix 1, "Shares") at no cost to the participant (a "Conditional Award");
- (b) an option to acquire Shares at no cost to the participant or with a per Share exercise price equal to the nominal value of a Share (for the purposes of this Appendix 1, an "Option"); or
- (c) a right to receive a cash amount which relates to the value of a certain number of notional Shares (for the purposes of this Appendix 1, a "Cash Award").

For the purposes of this Appendix 1, Conditional Awards, Options and Cash Awards are together referred to as "LTIP Awards". References in this summary to Shares include notional Shares to which a Cash Award relates, where appropriate.

3. PERFORMANCE CONDITIONS

Unless the Remuneration Committee determines otherwise, LTIP Awards will be subject to the satisfaction of a performance condition. Any LTIP Award granted to a director of the Company must be subject to the satisfaction of a performance condition.

The performance condition will determine the proportion (if any) of the LTIP Award which will vest following the end of a performance period. Unless the Remuneration Committee determines otherwise, a performance period shall be at last three years long. The performance period for LTIP Awards granted to directors of the Company will be consistent with the Company's shareholder approved policy on directors' remuneration from time to time.

The first LTIP Awards to be granted under the 2015 LTIP (in respect of the Company's 2015/2016 financial year) are subject to the following performance conditions.

Performance metric	Vesting schedule	
50% of the LTIP Award: share price growth measured over the three financial years ending 31 July 2018	% of share price element which vests	Share price at the end of the performance period*
	25%	£2.10
	Calculated on a straight line basis between 25% and 100%	More than £2.10 but less than £3.00
	100%	£3.00
* The Company's share price at the end of the performance period will be averaged across a three month period for the purposes of assessing the target (unless the Remuneration Committee determines that a different averaging period would be more appropriate).		
50% of the LTIP Award: group revenue targets measured over the three financial years ending 31 July 2018	% of group revenue element which vests	Group revenue target*
	25%	2018 threshold revenue target
	Calculated on a straight line basis between 25% and 100%	More than 2018 threshold revenue target but less than 2018 maximum revenue target
	100%	2018 maximum revenue target
* The revenue targets are considered by the board to be market sensitive and, therefore, are not disclosed prospectively. They will be disclosed in the Company's directors' remuneration report on a retrospective basis following the end of the performance period along with actual performance against the targets.		

The Remuneration Committee may set different performance conditions for future LTIP Awards. The performance conditions for LTIP Awards granted to directors of the Company will be consistent with the Company's shareholder approved policy on directors' remuneration from time to time. Any performance condition may be amended or substituted if one or more events occur which cause the Remuneration Committee to consider that an amended or substituted performance condition would be more appropriate. Any amended or substituted performance condition would not be materially less difficult to satisfy.

The vesting of any LTIP Award that is subject to a performance condition will also be subject to the Remuneration Committee being satisfied that the extent of vesting is justified by the underlying progress of the business over the performance period.

4. INDIVIDUAL LIMITS

LTIP Awards will not normally be granted to a participant over Shares with a market value in excess of 100% of salary in respect of any financial year.

However, in exceptional circumstances (such as the recruitment of a director or other senior executive) LTIP Awards may be granted over shares with a market value of up to 250% of salary in respect of any financial year. The exceptional circumstances limit will apply to the recruitment award to be granted to the Company's Chief Operating Officer, as referred to in the Company's directors' remuneration report.

For the purposes of assessing these limits, the market value of a share shall be based on the three day average share price following the announcement of the Company's results preceding the date of grant, unless the Remuneration Committee determines that an alternative basis should be applied.

5. GRANT OF LTIP AWARDS

LTIP Awards may only be granted within the six week period following the approval of the 2015 LTIP by shareholders, announcement of the Company's results for any period or on any day on which the Remuneration Committee determines that exceptional circumstances exist. However, if the Company is restricted from granting LTIP Awards during any such period, LTIP Awards may be granted in the period of six weeks following the relevant restriction being lifted.

It is anticipated that the first LTIP Awards to be granted under the 2015 LTIP (in respect of the Company's 2015/2016 financial year) will be granted in the period of six weeks from the Company's 2015 Annual General Meeting.

8. VESTING, RELEASE AND HOLDING PERIOD

LTIP Awards that are subject to a performance condition will normally vest as soon as practicable following the end of the performance period and then only to the extent that any performance condition has been satisfied.

LTIP Awards may be granted on the basis that they are subject to a holding period of up to two years following vesting. Such LTIP Awards will only be released to the participant following the end of the holding period. LTIP Awards that are not subject to a holding period will be released following vesting.

Where LTIP Awards are granted without a performance condition, they will usually vest and be released on the third anniversary of the grant date (or on such other date as the Remuneration Committee determines).

Options will be exercisable from the date of release until the tenth anniversary of the grant date.

The Remuneration Committee may decide to satisfy an LTIP Award by paying to the participant a cash amount equal to the value of the Shares he would otherwise have received.

Any Shares or cash that are to be delivered to a participant in respect of an LTIP Award will be delivered within 30 days of the date of release or exercise (as appropriate).

11. CESSATION OF EMPLOYMENT

Death

If a participant dies, any LTIP Award he holds will, unless the Remuneration Committee determines otherwise, vest as soon as reasonably practicable thereafter to the extent that the Remuneration Committee determines, taking into account the satisfaction of any performance condition and, if the Remuneration Committee so determines, the period of time that has elapsed since the LTIP Award was granted. Where LTIP Awards vest in these circumstances, they will ordinarily be released at the date of death. LTIP Awards in the form of Options will normally be exercisable for 12 months after the date of release.

Cessation of employment before vesting

If a participant ceases to be employed by the Group by reason of ill-health, injury, disability, or the sale of his employer or for any other reason at the Remuneration Committee's discretion (except where he is summarily dismissed), any unvested LTIP Award he holds will usually continue until the normal release date. The Remuneration Committee will decide the extent to which such an LTIP Award vests in these circumstances, taking into account the extent to which any performance condition is satisfied at the end of the performance period. The Remuneration Committee has discretion to permit the vesting and release of the LTIP Award as soon as practicable following the date of cessation (taking into account the extent to which any performance condition has been satisfied) or on such other date as the Remuneration Committee determines (for example, following the end of the performance period).

Unless the Remuneration Committee determines otherwise, the period of time that has elapsed since the LTIP Award was granted until the date of cessation of employment will also be taken into account in determining the extent of vesting.

If a participant ceases employment with the Group in any other circumstances any unvested LTIP Award he holds shall lapse.

APPENDIX 1 continued

Cessation of employment during the holding period

If a participant ceases to be employed by the Group during the holding period applying to an LTIP Award, that LTIP Award shall continue and be released to him on the normal release date (unless the Remuneration Committee determines that it should be released as soon as practicable following the date of cessation). If a participant ceases employment due to summary dismissal during the holding period applying to an LTIP Award, that LTIP Award shall lapse.

12. CORPORATE EVENTS

In the event of a change of control of the Company, the Remuneration Committee will decide the extent to which LTIP Awards will vest taking into account the extent to which any performance condition has been satisfied, and, unless the Remuneration Committee determines otherwise, the period of time which has elapsed between the grant date and the relevant event. Vested LTIP Awards which are subject to a holding period shall be released in the event of a change of control of the Company. Alternatively, the Remuneration Committee may permit or, in the case of an internal reorganisation, require LTIP Awards to be exchanged for equivalent awards which relate to shares in a different company.

If other corporate events occur such as a winding-up of the Company, or a demerger, delisting, special dividend or other event which, in the opinion of the Remuneration Committee may affect the current or future value of Shares, the Remuneration Committee may determine that LTIP Awards will vest taking into account the satisfaction of any relevant performance condition and, unless the Remuneration Committee determines otherwise, the period of time which has elapsed between the grant date and the date of the relevant event.

APPENDIX 2

Summary of the principal terms of the Company's proposed Nanoco 2015 Deferred Bonus Plan (the "2015 DBP")

This Appendix 2 sets out a summary of certain terms of the 2015 DBP. Certain provisions which apply to both the 2015 DBP and the proposed Nanoco 2015 Long Term Incentive Plan are summarised in Appendix 3.

1. ELIGIBILITY

Any employee (including an executive director) of Nanoco Group PLC (for the purposes of this Appendix 2, the "Company") or any of its subsidiaries will be eligible to participate in the 2015 DBP at the discretion of the Remuneration Committee.

DBP Awards will only be granted to participants in respect of that part of their annual bonus that they defer into an award over Shares, as described in section 3 below.

2. FORM OF AWARDS

Awards under the 2015 DBP (for the purposes of this Appendix 2, "DBP Awards") may be granted in the same form as awards under the 2015 LTIP.

3. GRANT OF DBP AWARDS

The Remuneration Committee may determine that a proportion of a participant's annual bonus will be deferred into a DBP Award. The proportion of bonus that any executive director of the Company will defer into Shares shall be consistent with the Company's shareholder approved policy on directors' remuneration from time to time.

The number of Shares subject to a DBP Award will be such number of Shares as have a market value equal to the amount of the deferred bonus. For these purposes, the market value of a Share shall be based on the three day average share price following the announcement of the Company's results preceding the date of grant, unless the Remuneration Committee determines that an alternative basis should be applied.

DBP Awards are not subject to performance conditions, other than those that apply to the annual bonus.

DBP Awards may only be granted within the six week period following the approval of the 2015 DBP by shareholders, announcement of the Company's results for any period, the determination of the participant's annual bonus or on any day on which the Remuneration Committee determines that exceptional circumstances exist. However, if the Company is restricted from granting DBP Awards during any such period, DBP Awards may be granted in the period of six weeks following the relevant restriction being lifted.

The first DBP Awards to be granted under the DBP will be granted in respect of any deferred part of annual bonuses earned for the Company's 2015/2016 financial year.

4. VESTING AND RELEASE

DBP Awards will usually vest and be released following the announcement of the Company's results for the financial year following the financial year in which the DBP Award was granted (or on such other date as the Remuneration Committee determines).

Options will be exercisable from the date of vesting/release until the tenth anniversary of the grant date.

The Remuneration Committee may decide to satisfy a DBP Award by paying to the participant a cash amount equal to the value of the Shares he would otherwise have received.

Any Shares or cash that are to be delivered to a participant in respect of a DBP Award will be delivered within 30 days of the date of release or exercise (as appropriate).

5. CESSATION OF EMPLOYMENT

Death

If a participant dies, any DBP Award he holds will, unless the Remuneration Committee determines otherwise, vest and be released as soon as reasonably practicable thereafter to the extent that the Remuneration Committee determines, taking into account, if the Remuneration Committee so determines, the period of time that has elapsed since the DBP Award was granted. DBP Awards in the form of Options will normally be exercisable for 12 months after the date of vesting.

Cessation of employment

If a participant ceases to be employed by the Group by reason of ill-health, injury, disability, or the sale of his employer or for any other reason at the Remuneration Committee's discretion (except where he is summarily dismissed), any unvested DBP Award he holds will usually continue until the normal vesting and release date. The Remuneration Committee will decide the extent to which such a DBP Award vests in these circumstances, taking into account, unless the Remuneration Committee determines otherwise, the period of time that has elapsed since the DBP Award was granted until the date of cessation of employment. The Remuneration Committee has discretion to permit the vesting and release of the DBP Award as soon as practicable following the date of cessation.

If a participant ceases employment with the Group in any other circumstances any unvested DBP Award he holds shall lapse.

APPENDIX 2 continued

6. CORPORATE EVENTS

In the event of a change of control of the Company, unvested DBP Awards will vest and be released. Alternatively, the Remuneration Committee may permit or, in the case of an internal reorganisation, require DBP Awards to be exchanged for equivalent awards which relate to shares in a different company.

If other corporate events occur such as a winding-up of the Company, or a demerger, delisting, special dividend or other event which, in the opinion of the Remuneration Committee may affect the current or future value of Shares, the Remuneration Committee may determine that DBP Awards will vest taking into account, unless the Remuneration Committee determines otherwise, the period of time which has elapsed between the grant date and the date of the relevant event.

APPENDIX 3

Summary of the principal terms which are common to both of the 2015 LTIP and the 2015 DBP

Definitions in Appendix 1 and Appendix 2 apply where relevant in this Appendix 3.

1. TERMS OF AWARDS

LTIP Awards and DBP Awards may be granted over newly issued Shares, treasury Shares or Shares purchased in the market. LTIP Awards and DBP Awards are not transferable (other than on death). No payment will be required for the grant of an LTIP Award or DBP Award. LTIP Awards and DBP Awards will not form part of pensionable earnings.

2. OVERALL LIMIT

In any 10 year period, the number of Shares which may be issued under the 2015 LTIP, the 2015 DBP and under any other employee share plan adopted by the Company may not exceed 10% of the issued ordinary share capital of the Company from time to time.

Treasury Shares will be treated as newly issued for the purpose of this limit until such time as guidelines published by institutional investor representative bodies determine otherwise.

Shares subject to awards granted prior to the admission of the Company's shares to trading on AIM (or which have been issued or transferred from treasury to satisfy such an award) will not count towards this limit.

3. DIVIDENDS

The Remuneration Committee may decide at any time prior to the delivery of Shares to which an LTIP Award or DBP Award relates to provide additional Shares (or the cash equivalent) to a participant based on the value of some or all of the dividends paid on vested Shares over such period and on such terms as the Remuneration Committee shall determine, which may assume the reinvestment of the relevant dividends into Shares and may include or exclude special dividends.

4. REDUCTION FOR MALUS

The Remuneration Committee may determine at any time prior to the release of an LTIP Award or a DBP Award to reduce the number of Shares to which the LTIP Award or DBP Award relates or to impose further conditions on an LTIP Award or DBP Award in the following circumstances:

- (a) a material misstatement of the Group's financial results;
- (b) a material failure of risk management by the Company or any Group member or a relevant business unit; and
- (c) material misconduct on the part of the participant.

5. ADJUSTMENTS

In the event of a variation of the Company's share capital or a demerger, delisting, special dividend, rights issue or other event, which may, in the Remuneration Committee's opinion, affect the current or future value of Shares, the number of Shares subject to an LTIP Award or DBP Award and/or any performance condition attached to any LTIP Award, may be adjusted.

6. AMENDMENT AND TERMINATION

The Remuneration Committee may amend the 2015 LTIP or the 2015 DBP or the terms of any LTIP Award or DBP Award at any time, provided that prior approval of the Company's shareholders in a general meeting will be required for amendments to the advantage of eligible employees or participants relating to eligibility, limits, the basis for determining a participant's entitlement to, and the terms of, the Shares or cash comprised in an LTIP Award or DBP Award and the impact of any variation of capital.

However, any minor amendment to benefit the administration of the 2015 LTIP or 2015 DBP, to take account of legislative changes, or to obtain or maintain favourable tax treatment, exchange control or regulatory treatment may be made by the Remuneration Committee without shareholder approval.

No amendment may be made to the material disadvantage of participants in the 2015 LTIP or 2015 DBP unless consent is sought from the affected participants and given by a majority of them.

The 2015 LTIP and 2015 DBP will usually terminate on the tenth anniversary of their approval by shareholders but the rights of existing participants will not be affected by any termination.

7. DOCUMENTS AVAILABLE FOR INSPECTION

The rules of the 2015 LTIP and the 2015 DBP will be available for inspection at the office of Deloitte LLP (Company Secretarial Department), 2 New Street Square, London EC4A 3BZ on any weekday (Saturdays, Sundays and public holidays excluded) until the close of the Annual General Meeting, and will also be available at the place of the Annual General Meeting for at least 15 minutes before and during the meeting.

