

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Source BioScience plc will be held at 1 Orchard Place, Nottingham Business Park, Nottingham, NG8 6PX on 10 June 2010 at 10.30am for the following purposes:

Ordinary Business

- 1 To receive the Company's annual accounts for the financial year ended 31 December 2009 together with the last Directors' Report, the last Directors' Remuneration Report and the auditor's report on those accounts.
- 2 To re-elect Mr Turnbull, who retires by rotation pursuant to the articles of association of the Company and provision A.7.1 of the Combined Code and who, being eligible, offers himself for re-election as a director.
- 3 To re-elect Dr Ash, who retires by rotation pursuant to the articles of association of the Company and provision A.7.1 of the Combined Code and who, being eligible, offers himself for re-election as a director.
- 4 To re-elect Mr Slinger, who retires by rotation pursuant to the articles of association of the Company and provision A.7.1 of the Combined Code and who, being eligible, offers himself for re-election as a director.
- 5 To re-appoint KPMG Audit Plc as auditor of the Company and to authorise the Directors to fix their remuneration.
- 6 To approve the Directors' Remuneration Report for the financial year ended 31 December 2009.

Special Business

- 7 To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

That, in substitution for all existing and unexercised authorities and powers, the Directors of the Company be and they are hereby generally and unconditionally authorised for the purpose of section 551 Companies Act 2006 (the 'Act'):

- (a) to exercise all or any of the powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into, shares of the Company (such shares and rights being together referred to as 'Relevant Securities') up to an aggregate nominal value of £1,344,851 to such persons at such times and generally on such terms and conditions as the Directors may determine (subject always to the articles of association of the Company); and further
- (b) to allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal value of £1,344,851 in connection with a rights issue or similar offer in favour of ordinary shareholders where the equity securities respectively attributable to the interest of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the Directors of the Company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in any, territory,

Provided that this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next annual general meeting or on the date which is six months after the next accounting reference date of the Company (if earlier) save that the Directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require relevant securities or equity securities (as the case may be) to be allotted after the expiry of such period and the Directors of the Company may allot relevant securities or equity securities (as the case may be) in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

- 8 To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

That, subject to and conditional upon the passing of the resolution numbered 7 in the notice convening the meeting at which this resolution was proposed and in substitution for all existing and unexercised authorities and powers, the Directors of the Company be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred upon them by resolution 7 as if section 561 of the Act did not apply to any such allotment provided that this authority and power shall be limited to:

- (a) the allotment of equity securities in connection with a rights issue or similar offer in favour of ordinary shareholders where the equity securities respectively attributable to the interest of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the Directors of the Company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in any, territory; and
- (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £407,530, representing approximately 10% of the current share capital of the Company,

and shall expire at the conclusion of the next annual general meeting or on the date which is six months after the next accounting reference date of the Company (if earlier) save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

9 To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

That, for the purposes of section 701 Companies Act 2006, the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) Companies Act 2006) of ordinary shares of 2p each in the capital of the Company ('Ordinary Shares') provided that:

- (a) the maximum number of Ordinary Shares which may be purchased is 20,376,523 (representing 10% of the Company's current share capital);
- (b) the minimum price which may be paid for each Ordinary Share is 2p;
- (c) the maximum price which may be paid for each Ordinary Share is an amount equal to 105% of the average of the middle market quotations for an Ordinary Share as derived from the Daily Official List of The London Stock Exchange plc for the five business days immediately preceding the day on which the Ordinary Share in question is purchased;
- (d) unless previously revoked or varied, the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company to be held in 2011 or, if earlier, on the date which is twelve months after the date of the passing of this resolution; and
- (e) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which contract or contracts 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.

10 To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

That general meetings (but not annual general meetings) of the Company may, subject to the requirements of the Companies Act 2006, be held on less than 21 days notice.

By order of the Board



Dr Nick Ash
Company Secretary
29 April 2010

Registered office:
1 Orchard Place
Nottingham Business Park
Nottingham
NG8 6PX



Notice of Annual General Meeting *continued*

Notes

- 1 A member of the Company entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to exercise any of his rights to attend, speak and vote at that meeting on his behalf. If a member appoints more than one proxy, each proxy must be entitled to exercise the rights attached to different shares. A proxy need not be a member of the Company.
- 2 A proxy may only be appointed using the procedures set out in these notes and the notes to the proxy form. To appoint a proxy, a member may complete, sign and date the enclosed proxy form and deposit it at the office of the Company's Registrars, Equiniti, at Aspect House, Spencer Road, Lancing BN99 6ZL no later than 48 hours before the start of the meeting. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be enclosed with the proxy form.
- 3 In order to revoke a proxy appointment, a member must sign and date a notice clearly stating their intention to revoke their proxy appointment and deposit it at the office of the Company's Registrars, Equiniti, at Aspect House, Spencer Road, Lancing BN99 6ZL no later than 48 hours before the start of the meeting.
- 4 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST manual (available via www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST sponsors who have appointed a voting service provider(s), should refer to their CREST sponsors or voting service providers, 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 (CREST Proxy Instruction) must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited (Euroclear UK & Ireland) and must contain the information required for such instructions as described in the CREST manual (available via www.euroclear.com/CREST). The message must be transmitted so as to be received by the Company's agent (ID RA19) by the latest time for receipt of proxy appointments specified in the Notice. 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 Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors and 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 a voting service provider(s) to procure that his CREST sponsor or voting service provider(s) take(s)) 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 Any corporation which is a member of the Company may authorise one or more persons (who need not be a member of the Company) to attend, speak and vote at the meeting as the representative of that corporation. A certified copy of the board resolution of the corporation appointing the relevant person as the representative of that corporation in connection with the meeting must be deposited at the office of the Company's Registrars prior to the commencement of the meeting.
- 6 The right to vote at the meeting shall be determined by reference to the register of members of the Company. Only those persons whose names are entered on the register of members of the Company at 6pm on 8 June 2010 shall be entitled to attend and vote in respect of the number of shares registered in their names at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and/or vote at the meeting.
- 7 Completion of the form of proxy does not preclude attendance at the meeting.
- 8 Members who wish to communicate with the Company by electronic means in connection with the matters set out in this notice may do so by contacting the Company at companysecretary@sourcebioscience.com on or before 6pm on 9 June 2010.

- 9 It is not permissible to use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.
- 10 Copies of the service contracts and letters of appointment of the Directors of the Company will be available at the place of the meeting:
- 10.1 for at least 15 minutes prior to the meeting; and
- 10.2 during the meeting.
- 11 If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') you may, under an agreement between you and the member of the Company who has nominated you, have a right to be appointed (or have someone else appointed) as a proxy for the meeting. If you do not have such a proxy appointment right, or you do but do not wish to exercise it, you may have a right to give instructions to the member who has nominated you as to the exercise of voting rights. If you are a Nominated Person, the statements of the rights of members in relation to notes 1 to 8 above do not apply. The rights described in those notes can only be exercised by a registered member of the Company.
- 12 The information which the Company is required to publish in advance of the meeting by virtue of section 311A of the Act can be accessed via www.sourcebioscience.com.
- 13 Subject to the provisions of section 319A of the Act, at the meeting the Company must cause to be answered any question relating to the business being dealt with at the meeting put by a member attending the meeting. An answer need not be given if:
- 13.1 answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
- 13.2 the answer has already been given on a website in the form of an answer to a question; or
- 13.3 it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- 14 Subject to the provisions of sections 338 and 338A of the Act, members representing at least 5% of the total voting rights of all members (or at least 100 members who have the right to vote at the meeting and who hold shares on which there has been paid up an average sum per member of at least £100) may:
- 14.1 require the Company to give, to members of the Company entitled to receive notice of the annual general meeting, notice of a resolution which may properly be moved and is intended to be moved at that meeting; and
- 14.2 request the Company to include in the business to be dealt with at the annual general meeting any matter (other than a proposed resolution) which may properly be included in the business.
- 15 Subject to the provisions of Chapter 5 of Part 16 of the Act, members representing at least 5% of the total voting rights of all members (or at least 100 members who have the right to vote at the meeting and who hold shares on which there has been paid up an average sum per member of at least £100) may require the Company to publish on a website a statement setting out any matter that such members propose to raise at the meeting relating to 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 meeting. Where the Company is required to publish such a statement on its website:
- 15.1 it may not require the members making the request to pay any expenses incurred by the Company in complying with the request;
- 15.2 it must forward the statement to the Company's auditor no later than the time the statement is made available on the Company's website; and
- 15.3 the statement may be dealt with as part of the business of the meeting.



Explanatory Notes to the Notice of Annual General Meeting

Resolution 7 — Directors' power to allot relevant securities

Under section 551 of the Act, relevant securities may only be issued with the consent of the shareholders, unless the shareholders pass a resolution generally authorising the Directors to issue shares without further reference to the shareholders. This resolution authorises the general issue of shares up to an aggregate nominal value of £1,344,851, which is equal to 33% of the nominal value of the current ordinary share capital of the Company and a further issue of shares up to an aggregate nominal value of £1,344,851, which is equal to a further 33% of the nominal value of the current share capital of the Company for the purposes of fully preemptive rights issues. Such authorities will expire at the conclusion of the next annual general meeting of the Company or the date which is six months after the next accounting reference date of the Company (whichever is the earlier).

Resolution 8 — Disapplication of pre-emption rights on equity issues for cash

Section 561 of the Act requires that a company issuing shares for cash must first offer them to existing shareholders following a statutory procedure which, in the case of a rights issue, may prove to be both costly and cumbersome. This resolution excludes that statutory procedure as far as rights issues are concerned. It also enables the Directors to allot shares up to an aggregate nominal value of £407,530, which is equal to 10% of the nominal value of the current ordinary share capital of the Company, subject to resolution 7 being passed. The Directors believe that the limited powers provided by this resolution will maintain a desirable degree of flexibility. Unless previously revoked or varied, the disapplication will expire on the conclusion of the next annual general meeting of the Company or on the date which is six months after the next accounting reference date of the Company (whichever is the earlier).

Resolution 9 — Market purchases of own shares

A company may only purchase its own shares by either an off-market purchase, in pursuance of a contract approved in advance in accordance with section 694 of the Act or by a market purchase, authorised in accordance with section 701 of the Act. A "market purchase" is one made through a "recognised investment exchange". Although the Act only requires an ordinary resolution, LR12.4.7 of the Listing Rules requires the resolution to be passed as a special resolution (the ABI also recommend that the resolution should be passed as a special resolution). This resolution 9 authorises market purchases of the Company's own shares to be made but only within the limitations specified. In accordance with ABI guidelines the maximum number of shares purchased under this authority must not exceed 10% of the Company's current share capital. The resolution also states the maximum and minimum prices which may be paid; being no more than 5% above the average market value of the company's shares for the five business days prior to the purchase. As recommended by the ABI the Company renews this authority on an annual basis at each annual general meeting.

Resolution 10 — Notice period of less than 21 days for general meetings

Although the Act permits a company to hold a general meeting (but not an annual general meeting) on 14 days notice, the Companies (Shareholders' Rights) Regulations 2009 (implemented on 3 August 2009) do not allow such meetings to be held on less than 21 days notice unless this has been authorised by the Company's shareholders. This resolution authorises the Company to hold general meetings on less than 21 days notice, subject to the minimum requirement of at least 14 days notice under the Act.