

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or about the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all your Ordinary or Preference Shares, please send this document and the relevant accompanying Form(s) of Proxy, to the purchaser, transferee, stockbroker, bank, or other person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

BIOQUELL PLC

CANCELLATION OF SHARE PREMIUM ACCOUNT ADOPTION OF NEW ARTICLES OF ASSOCIATION

AND

AMENDMENT OF THE BIOQUELL SHARE OPTION SCHEMES

Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 4 to 7 of this document, recommending that you vote in favour of the proposals set out in this document.

Notice of an Extraordinary General Meeting of the holders of Ordinary Shares and in relation to resolutions 1 and 2 to be proposed thereat, Preference Shares, to be held at 12.15 pm (or as soon thereafter as the Annual General Meeting shall have been concluded or adjourned) on 27 May 2008 and Notice of a Separate Class Meeting of the holders of Preference Shares to be held at 12.20 pm (or as soon thereafter as the Extraordinary General Meeting shall have been concluded or adjourned) on 27 May 2008 are set out on pages 8 to 12 of this document. Both the Extraordinary General Meeting and the Separate Class Meeting will be held in the offices of the Company at 34A Walworth Road, Andover, Hampshire, SP10 5PY. Forms of Proxy for use at the Extraordinary General Meeting and the Separate Class Meeting are enclosed.

Whether or not you intend to be present at the Extraordinary General Meeting or the Separate Class Meeting the relevant Form(s) of Proxy should be completed and returned by Shareholders in accordance with the instructions printed on them, to Capita IRG, Proxy Department, PO Box 25, Beckenham, Kent, BR3 4BR as soon as possible and, in any event, so as to be received no later than 48 hours before the time appointed for the relevant meeting.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy for:

Extraordinary General Meeting	12.15 pm on 25 May 2008
Separate Class Meeting of the holders of Preference Shares	12.20 pm on 25 May 2008

Extraordinary General Meeting 12.15 pm on 27 May 2008

Separate Class Meeting of the holders of Preference Shares 12.20 pm on 27 May 2008

Expected time and date for any adjournment of the Separate Class Meeting of the holders of Preference Shares 12.20 pm on 28 May 2008

Date for hearing of the Claim Form to confirm the cancellation of share premium account 25 June 2008

Effective date of the cancellation of share premium account 30 June 2008

Note: The timetable assumes that neither the EGM nor the Separate Class Meeting is adjourned. All other dates except those of the latest times and dates for receipt of Forms of Proxy are estimates as they are subject to the agreement of hearing dates with the Court.

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

“Act”	the Companies Act 1985 as amended, re-enacted, replaced or modified on the date of this document by the Companies Act 2006 and any commencement orders relating to the Companies Act 2006;
“AGM”	the annual general meeting of the Company to be held at 12 noon on 27 May 2008;
“BIOQUELL Executive Share Option Schemes”	the BIOQUELL PLC Executive Share Option Scheme (No.1) and the BIOQUELL PLC Executive Share Option Scheme (No.2);
“BIOQUELL Share Option Schemes” or “Schemes”	the BIOQUELL Executive Share Option Schemes, the Special Options and the Sharesave Scheme;
“Board” or “Directors”	the directors of the Company as set out on page 4 of this document;
“Class Resolution”	the extraordinary resolution to be proposed at the Separate Class Meeting;
“Company”	BIOQUELL PLC;
“Court”	The High Court of Justice in England and Wales;
“Current Articles”	the articles of association of the Company as at the date of this document;
“EGM”	the extraordinary general meeting of the Company convened for 27 May 2008, notice of which is set out on page 8 of this document;
“Form(s) of Proxy”	the white form of proxy to be used by the holders of Ordinary Shares at the EGM, the green form of proxy to be used by the holders of Preference Shares at the EGM and the blue form of proxy to be used by the holders of Preference Shares at the Separate Class Meeting;
“London Stock Exchange”	London Stock Exchange plc;
“New Articles”	the new articles of association proposed to be adopted by the Company as more particularly described in this document;
“Ordinary Shares”	ordinary shares of 10p each in the capital of the Company;
“Preference Shares”	the 150,000 7.5 per cent. redeemable cumulative preference shares of £1 each in the Company;
“Proposals”	the proposals by the Company to cancel its share premium account, adopt the New Articles and amend the BIOQUELL Share Option Schemes details of which are set out in this document;
“Resolutions”	the ordinary and special resolutions of the Company to be proposed at the EGM;
“Separate Class Meeting”	the separate class meeting of the holders of Preference Shares convened for 27 May 2008 notice of which is set out on page 11 of this document;
“Shareholder”	a holder of Ordinary Shares and/or where relevant of Preference Shares;
“Sharesave Scheme”	the BIOQUELL PLC 1996 Sharesave Scheme; and
“Special Options”	the special options authorised and approved by resolution 2 passed at the annual general meeting of the Company held on 1 June 2004 and by resolution 1 passed at the extraordinary general meeting of the Company held on 21 August 2006 subject in each case to the performance criteria set out in each of the resolutions and otherwise on the terms of the BIOQUELL PLC Executive Share Option Scheme (No. 2).

LETTER FROM THE CHAIRMAN

BIOQUELL PLC

(Incorporated and registered in England No: 206372)

Directors:

John Salkeld FCA (Non-Executive Chairman)
Nicholas Adams (Chief Executive)
Mark Bodeker CA (Chief Operating Officer and Finance Director)
Simon Constantine ACA (Non-Executive Director)
Nigel Keen FCA (Non-Executive Director)
Richard Towner (Non-Executive Director)

Registered Office:

34A Walworth Road
Andover
Hampshire
SP10 5PY

4 April 2008

To the holders of Ordinary Shares and Preference Shares and, for information only, to the participants in the BIOQUELL Share Option Schemes.

Dear Shareholder

Proposed Cancellation of Share Premium Account, adoption of New Articles and amendment of the BIOQUELL Share Option Schemes

Introduction

Your Directors announced today proposals to cancel the share premium account of the Company in order to facilitate the payment of dividends in the future, to adopt the New Articles and to amend the BIOQUELL Share Option Schemes.

The purpose of this document is to give you details of the cancellation of share premium account, the changes to be made to the Current Articles by the adoption of the New Articles and the changes to be made to the BIOQUELL Share Option Schemes. Resolutions seeking approval of the Proposals will be proposed at the EGM to be held on 27 May 2008. The adoption of the New Articles will also require the sanction of the holders of Preference Shares at the Separate Class Meeting which will also be held on 27 May 2008 as they contain an increase in the borrowing powers of the Directors.

Capital Reduction

The Board announced on 10 March 2008 that it was proposing the payment of a final dividend on the Ordinary Shares of 2p per share at a total cost of approximately £827,000. Although the Company has sufficient distributable reserves to pay a dividend on its Ordinary Shares of up to £1,138,000 (being the surplus on profit and loss account) in respect of the financial year ended 31 December 2007, your Board would like the ability (if the Directors consider it to be prudent and in the best interests of Shareholders and the Company to do so) to pay dividends on the Ordinary Shares in the future. In order to pay dividends a company requires distributable reserves and the purpose of the cancellation of share premium account is to increase the amount of the Company's distributable reserves to facilitate, among other things, the payment of dividends.

Under the Act, a company may reduce or cancel its share premium account and utilise the resulting reserve to reduce a deficit or increase a surplus on its distributable reserves, provided that it obtains the approval of shareholders by special resolution in general meeting and the confirmation of the Court.

As at 31 December 2007, the amount standing to the credit of share premium account of the Company was £10,933,000 all of which is proposed to be cancelled.

The cancellation of the share premium account will create distributable reserves which will, subject to the protection of creditors and the confirmation of the Court, enhance the Company's ability to pay dividends in the future. Prior to confirming the cancellation of share premium account, the Court will need to be satisfied that the interests of the Company's creditors are not adversely affected. The Company will put into place such form of creditor protection as it may be advised is appropriate.

A special resolution will be proposed at the EGM to approve the cancellation of share premium account.

As soon as practicable after the passing of the special resolution, the Company will apply to the Court for an order confirming the cancellation of share premium account which will become effective once the order is registered with the Registrar of Companies.

New Articles

It is proposed that the New Articles are adopted by the Company in order to amend the Current Articles, primarily to address certain changes made to English company law by the Companies Act 2006. The proposed amendments will reflect certain of the changes that came into force in April and October 2007 and those that will come into force in April and October 2008, where the Directors consider the same to be appropriate. The remaining provisions of the Companies Act 2006 are expected to come into force in October 2009 and members of the Company may be asked to approve further changes to its articles of association at a future date. The New Articles also contain higher caps on the level of Directors' fees and the amount that may be borrowed by the Company, in both cases being more in line with commercial requirements, reflect the changes that have been made to its capital structure in recent years and its change of name to BIOQUELL PLC in 2000.

The material differences between the Current Articles and the New Articles are set out in the Appendix to this document on pages 13 to 15. Copies of the Current Articles and the New Articles containing the proposed changes are available for inspection as set out in paragraph (10) of the attached notice of EGM.

A special resolution to adopt the New Articles will be proposed at the EGM. As the New Articles contain an increase in the borrowing powers of the Directors, their adoption will also require the sanction of the holders of Preference Shares both at the EGM and the Separate Class Meeting. The Class Resolution seeking this sanction will be proposed at the Separate Class Meeting.

Amendment of the BIOQUELL Share Option Schemes

It is proposed that amendments be made to the BIOQUELL Share Option Schemes in order to introduce a revised limit on the number of Ordinary Shares which are to be available, in aggregate, under the Schemes (and any other share option schemes established by the Company) to 20 per cent of the issued ordinary share capital from time to time. The amendments to the BIOQUELL PLC Executive Share Option Scheme (No. 1) and to the Sharesave Scheme are also subject to the approval of HM Revenue and Customs and may be altered to obtain such approval.

The limit will be applied by reference to the number of Ordinary Shares held under unexercised options together with Ordinary Shares acquired on exercise of options in the preceding 10 years, excluding the Special Options.

There will be no overall individual limit but the number of Ordinary Shares placed under option under the BIOQUELL Share Option Schemes and any other share option schemes, established by the Company (excluding the Sharesave Scheme and the Special Options) in respect of each participant in any 12 month period will not exceed 1.5 times that participant's salary. In practice the Board will apply a limit of 1 times salary save in appropriate situations.

The Board will apply appropriate performance criteria when granting options under the BIOQUELL Share Option Schemes (excluding the Sharesave Scheme) to executive Directors and to senior management.

The amendments to the rules of the Schemes will allow the Board to grant options within 2 weeks of the date the ordinary resolution is passed and otherwise in accordance with the rules of the Schemes.

It is also proposed that amendments be made to the provisions applicable to Special Options which have been or remain to be granted so that at the discretion of the Board the performance criteria which are applied (referred to as the "Target Price") can be treated as satisfied if during a 60 day period commencing 30 days prior to the relevant anniversary of the Date of Grant and ending 30 days after that anniversary date the average mid market price of an Ordinary Share for any consecutive 7 day period in that 60 day period meets the Target Price. This should avoid a situation in which the performance criteria are effectively satisfied over the 3 year vesting period but which are not actually satisfied by reason of a short term downwards movement in the share price at the relevant anniversary date or (the alternative formula currently provided for under the Special Options) within the period of 7 days before or after that anniversary date.

The opportunity is being taken to update the statutory and other references in the rules of the Schemes and to omit previous amendments which are historic and have ceased to have relevance.

Copies of the rules of the BIOQUELL Share Option Schemes incorporating the proposed changes and the consequential changes are available for inspection as set out in paragraph (10) of the attached notice of EGM.

Extraordinary General Meeting and Separate Class Meeting

The implementation of the Proposals requires the approval of Shareholders.

You will find on pages 8 to 10 of this document a notice convening the EGM to be held at 12.15 pm (or as soon thereafter as the AGM shall have been concluded or adjourned) at 34A Walworth Road, Andover, Hampshire SP10 5PY on 27 May 2008, at which the Resolutions will be proposed.

The holders of the Ordinary Shares are entitled to attend and vote at the EGM on all of the Resolutions. The holders of Preference Shares are entitled to attend the EGM but only to vote on resolution 1 (to approve the cancellation of share premium account) and resolution 2 (to adopt the New Articles). Resolution 3 does not affect the rights attaching to the Preference Shares and therefore holders of Preference Shares will not be entitled to vote on this resolution.

Holders of Preference Shares will find on pages 11 and 12 a notice convening the Separate Class Meeting which will be held at 12.20 pm (or as soon thereafter as the EGM shall have been concluded or adjourned) on 27 May 2008 also at 34A Walworth Road, Andover, Hampshire SP10 5PY, at which the Class Resolution to sanction the adoption of the New Articles will be proposed.

Your attention is drawn to the Appendix to this document on pages 13 to 15 which sets out the proposed changes to the Current Articles.

Action to be taken

Holders of Ordinary Shares will find enclosed with this document a white Form of Proxy for use at the EGM. Holders of Preference Shares should use the accompanying green Form of Proxy. Holders of Preference Shares will find also enclosed a blue Form of Proxy for use at the Separate Class Meeting.

Whether or not you intend to be present at the EGM or the Separate Class Meeting, you are requested to complete, sign and return your Form(s) of Proxy in accordance with the instructions printed on it to the Company's Registrars, Capita IRG Proxy Department, of PO Box 25 Beckenham, Kent, BR3 4BR as soon as possible but, in any event, so as to arrive no later than 48 hours before the proposed time of the relevant meeting.

The completion and return of a Form of Proxy will not preclude you from attending the EGM and/or the Separate Class Meeting and voting in person should you wish to do so.

Quorum for the Separate Class Meeting

The Company wishes to avoid the additional expense and inconvenience caused to Shareholders which would arise if the Separate Class Meeting has to be adjourned for absence of quorum. A quorum for the relevant meeting is two persons holding or representing by proxy at least one-third in nominal value of the issued Preference Shares. The holders of Preference Shares are therefore particularly requested to complete and return the blue Form of Proxy so as to arrive not less than 48 hours before the time appointed for the Separate Class Meeting. If no quorum is present at that Separate Class Meeting, it is intended that it is adjourned to the next day i.e. 28 May 2008, at the same time and at the same location at which time any two holders of Preference Shares present in person or by proxy, whatever the number of Preference Shares they hold, will constitute a quorum. Proxies validly lodged for the original meeting would be valid at the adjourned meeting.

Recommendation

Your Directors believe the Proposals are in the best interests of the Company and Shareholders as a whole and are most likely to promote the success of the Company for the benefit of its members as a whole. Your Directors therefore unanimously recommend Shareholders to vote in favour of the Resolutions at the EGM and the holders of Preference Shares to approve the Class Resolution at the Separate Class Meeting.

Your Directors intend to vote in favour of the Resolutions in respect of their beneficial shareholdings (including shareholdings of spouses and infant children) amounting to 3,557,213 Ordinary Shares respectively (representing 8.6% per cent of the existing issued ordinary share capital of the Company).

Yours faithfully

John Salkeld

Chairman

BIOQUELL PLC

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of the holders of Ordinary Shares and Preference Shares of BIOQUELL PLC (the “Company”) will be held at 12.15 pm (or as soon thereafter as the AGM convened for the same date and place shall have been concluded or adjourned) on 27 May 2008 at 34A Walworth Road, Andover, Hampshire, SP10 5PY for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as to resolutions 1 and 2 (on which all Shareholders may vote) as special resolutions and as to resolution 3 (on which only the holders of Ordinary Shares may vote) as an ordinary resolution of the Company:

SPECIAL RESOLUTIONS

1. THAT the share premium account of the Company be cancelled.
2. THAT the articles of association produced to the meeting and initialled by the Chairman for the purpose of identification be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association of the Company.

ORDINARY RESOLUTION

3. THAT:
 - a. Subject to the approval of H M Revenue & Customs being obtained the amendments to the rules of the BIOQUELL PLC Executive Share Option Scheme (No 1) contained in the amended scheme rules a copy of which has been produced to the meeting and initialled by the Chairman for the purpose of identification be and are hereby approved and that the Directors be and are hereby authorised to implement the same subject to such alterations (if any) as may be agreed with HM Revenue & Customs.
 - b. The amendments to the rules of the BIOQUELL PLC Executive Share Option Scheme (No 2) and the Special Options contained in the amended scheme rules and the amended 2004 Resolution and 2006 Resolution (as defined in paragraph d of this resolution) and which include the amendments set out in paragraph d., copies of which have been produced to the meeting and initialled by the Chairman for the purpose of identification be and are hereby approved.
 - c. Subject to the approval of H M Revenue & Customs being obtained the amendments to the rules of the BIOQUELL PLC Sharesave Scheme contained in the amended scheme rules a copy of which has been produced to the meeting and initialled by the Chairman for the purpose of identification be and are hereby approved and that the Directors be and are hereby authorised to implement the same subject to such alterations (if any) as may be agreed with H M Revenue & Customs.
 - d. The provisions of resolution 2 (the ‘2004 Resolution’) passed as an ordinary resolution at the annual general meeting of the Company held on 1 June 2004 and of resolution 1 (the ‘2006 Resolution’) passed as an ordinary resolution at the extraordinary general meeting of the Company held on 21 August 2006 in each case in regard to the Special Options thereby authorised and approved shall be amended as follows:-
 - (1) in resolution 2 of the 2004 Resolution a Threshold Date by reference to which it is to be determined whether a Target Price (in each case as therein defined) is attained shall be:-
 - (i) an anniversary of the relevant Date of Grant (as defined therein) or at the discretion of the Board a date within 7 days of such anniversary date or if in either case the same shall not be a date on which the London Stock Exchange is open for business the first day following on which it is open for business; or

- (ii) at the discretion of the Board a period of 7 consecutive days falling within a period of 60 days commencing 30 days immediately before and ending 30 days after the relevant anniversary of the relevant Date of Grant and in such a case the average mid market price per Ordinary Share for that 7 day period shall be taken and a consecutive 7 day period shall be 7 consecutive days on which the London Stock Exchange is open for business;
- (2) in resolution 1 of the 2006 Resolution the amendments to resolution 2 of the 2004 Resolution which are set out in paragraph (1) of this sub clause shall apply to the 2006 Resolution as if they were set out in extenso in this paragraph (2);
- (3) the amendments made to the 2004 Resolution and to the 2006 Resolution as set out in paragraph (1) and paragraph (2) of this sub-clause shall apply to any Special Options granted by the Board prior to the date of the Extraordinary General Meeting at which this resolution is put to members of the Company and subject thereto the rights and obligations attaching to the Special Options so granted shall be those set out in the 2004 Resolution and the 2006 Resolution.

By Order of the Board

Georgina Nicole Pope
Company Secretary

Date: 4 April 2008

Registered Office:
34A Walworth Road,
Andover,
Hampshire,
SP10 5PY

Notes:

- (1) Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf. A member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the member. A proxy need not be a member of the Company.
- (2) A white Form of Proxy for use by holders of Ordinary Shares and a green Form of Proxy for use by holders of Preference Shares (in relation to resolutions 1 and 2 only) accompanies this document.
- (3) To be valid, the relevant Form of Proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be deposited with the Company's Registrars, Capita IRG, Proxy Department, PO Box 25, Beckenham, Kent BR3 4BR not less than 48 hours before the time appointed for holding the meeting.
- (4) Completion of a Form of Proxy will not preclude members entitled to attend and vote at the meeting (or at any adjourned meetings) in person if they so wish.

- (5) Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she is nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the EGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- (6) The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
- (7) The Company pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those Shareholders registered in the register of members of the Company as at 12:15 pm on 25 May 2008 or, in the event of an adjournment of the meeting in the register of members 48 hours before the time of the adjourned meeting, shall be entitled to attend and vote at the EGM in respect of the number of shares registered in their name at the time. Changes to entries on the register after 12.15 pm on 25 May 2008 or in the event of an adjourned meeting, less than 48 hours before the time of the adjourned meeting shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- (8) As at 3 April, 2008 (being the last business day prior to the publication of this Notice) the Company's issued share capital comprised 41,439,984 Ordinary Shares, carrying on a poll, one vote each and 150,000 Preference Shares carrying on a poll, one vote for each 25 pence in nominal value of the Preference Shares and in each case otherwise carrying one vote on a show of hands.
- (9) In order to facilitate voting by corporate representatives at the EGM, arrangements will be put in place at the EGM so that (i) if a corporate shareholder has appointed the chairman of that meeting as its corporate representative to vote on a poll in accordance with the directions of all 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 that meeting but the corporate shareholder has not appointed the chairman of that 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 appointment letter if the chairman is being appointed as described in (i) above.
- (10) The following will be available for inspection on business days between 9 am and 5 pm from the date of this Notice until the conclusion of the EGM at 34A Walworth Road, Andover, Hampshire, SP10 5PY:
 - a. the register of interests of the Directors;
 - b. copies of all contracts of service of the executive Directors and letters of appointment of non-executive Directors of the Company or any of its subsidiaries;
 - c. the Current Articles and the New Articles;
 - d. the rules of the BIOQUELL Share Option Schemes incorporating the proposed changes.

The Current Articles and New Articles (marked up to show the proposed changes) and the rules of the BIOQUELL Share Option Schemes incorporating the proposed changes will also be on display at the offices of Davenport Lyons, 30 Old Burlington Street, London W1S 3NL during normal business hours on any business day (Saturdays, Sundays and public holidays excepted) from the date of this Notice until the conclusion of the EGM.

BIOQUELL PLC

NOTICE OF A SEPARATE CLASS MEETING OF HOLDERS OF 7.5 PER CENT. REDEEMABLE CUMULATIVE PREFERENCE SHARES OF £1 EACH ("PREFERENCE SHARES")

Notice is hereby given that a Separate Class Meeting of the holders of Preference Shares will be held at 12.20 p.m. (or as soon thereafter as the Extraordinary General Meeting convened for 12.15 pm on that day has been concluded or adjourned) on 27 May 2008 at 34A Walworth Road, Andover, Hampshire, SP10 5PY for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an extraordinary resolution:

EXTRAORDINARY RESOLUTION

THAT this separate class meeting of the holders of Preference Shares hereby agrees to, authorises and sanctions the adoption of the articles of association produced to the meeting and initialled by the Chairman for the purpose of identification as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association of the Company.

By Order of the Board

Georgina Nicole Pope
Company Secretary

Date: 4 April 2008

Registered Office:
34A Walworth Road,
Andover,
Hampshire,
SP10 5PY

Notes:

- (1) Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf. A member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the member. A proxy need not be a member of the Company.
- (2) A blue Form of Proxy for use by holders of Preference Shares accompanies this document.
- (3) To be valid, the Form of Proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be deposited with the Company's Registrars, Capita IRG, Proxy Department, PO Box 25, Beckenham, Kent BR3 4BR not less than 48 hours before the time appointed for holding the meeting.
- (4) Completion of a Form of Proxy will not preclude members entitled to attend and vote at the meeting (or at any adjourned meetings) in person if they so wish.

- (5) Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she is nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Separate Class Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- (6) The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
- (7) The Company pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those Shareholders registered in the register of members of the Company as at 12.20 pm on 25 May 2008 or, in the event of an adjournment of the meeting in the register of members 48 hours before the time of the adjourned meeting, shall be entitled to attend and vote at the Separate Class Meeting in respect of the number of shares registered in their name at the time. Changes to entries on the register after 12.20 pm on 25 May 2008 or in the event of an adjourned meeting, less than 48 hours before the time of the adjourned meeting shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- (8) In order to facilitate voting by corporate representatives at the Separate Class Meeting arrangements will be put in place at the Separate Class Meeting so that (i) if a corporate shareholder has appointed the chairman of that meeting as its corporate representative to vote on a poll in accordance with the directions of all 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 that meeting but the corporate shareholder has not appointed the chairman of that 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 appointment letter if the chairman is being appointed as described in (i) above.
- (9) The quorum for the Separate Class Meeting is two persons holding or representing by proxy at least one-third in nominal value of the issued Preference Shares or at an adjourned meeting two persons holding Preference Shares of any nominal amount present in person or by proxy. The extraordinary resolution requires a majority in favour consisting of not less than three quarters of the persons voting on a show of hands or if a poll is demanded, by a majority of not less than three quarters of the votes given on such poll. On a show of hands every holder who is present in person or by proxy shall have one vote and on a poll, every person who is present in person or by proxy shall have one vote for every 25 pence in nominal value of Preference Share of which he is the holder.
- (10) The Current Articles and the New Articles will be available for inspection on business days between 9 am and 5 pm from the date of this Notice until the conclusion of the Separate Class Meeting at 34A Walworth Road, Andover, Hampshire, SP10 5PY.
- (11) The Current and New Articles (marked up to show the proposed changes) will also be on display at the offices of Davenport Lyons, 30 Old Burlington Street, London W1S 3NL during normal business hours on any business day (Saturdays, Sundays and public holidays excepted) from the date of this Notice until the conclusion of the Separate Class Meeting.

APPENDIX

SUMMARY OF KEY CHANGES TO THE CURRENT ARTICLES

Provisions in the Current Articles are amended to bring them into line with the Companies Act 2006 where obligatory and otherwise where the Directors consider changes relevant. Examples of such provisions include the form of resolutions, the variation of class rights, the requirement to keep accounting records and provisions relating to the period of notice required to convene general meetings. The New Articles also contain higher caps on the level of Director's fees and the amount that may be borrowed by the Company.

1. Form of resolution

The Current Articles enable written resolutions to be passed. Under the Companies Act 2006 public companies can no longer pass written resolutions so these provisions have been removed from the New Articles.

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required a special resolution is also effective. This provision is being removed as the concept of an extraordinary resolution has not been retained by the Companies Act 2006.

2. Share Capital and Name

The provisions of the Current Articles relating to the 9% cumulative redeemable preference shares of £1 each and the 9% convertible redeemable cumulative preference shares of £1 each and references to the Scottish Development Authority and 3i (the holders of those shares) have been deleted in the New Articles as these shares were converted into Ordinary Shares and redeemable deferred shares in July 1997.

The New Articles also reflect the change in the name of the Company to BIOQUELL PLC in 2000.

3. Variation of class rights

The Current Articles contain provisions regarding the variation of class rights. The proceedings and specific quorum requirements for a meeting convened to vary class rights are contained in the Companies Act 2006. The relevant provisions have therefore been amended in the New Articles.

4. Convening general and annual general meetings

The phrase "extraordinary general meeting" is not used in the Companies Act 2006 as it refers to "general meetings" and "annual general meetings". The New Articles reflect this change.

The provisions of the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the Companies Act 2006. In particular, a general meeting to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

5. Votes of members

Under the Companies Act 2006 proxies are allowed to speak at general meetings and to vote on a show of hands, a provision which is reflected in the notes to the EGM and the Separate Class Meeting, whereas under the Current Articles proxies are only entitled to vote on a poll. The time limits for the appointment of a proxy appointment have been altered by the Companies Act 2006 so that the articles cannot provide that they should be received more than 48 hours before the meeting or in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being

permitted to be excluded for this purpose. Multiple proxies may be permitted provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. The New Articles reflect all of these new provisions.

The Company is aware of concerns that have been raised about the effect of section 323(4) of the Companies Act 2006 which provides that where a corporate shareholder appoints multiple corporate representatives and they exercise their rights to vote at general meetings in different ways, then the power is treated as not being exercised. The Company is subject to the new law regardless of whether amendments are made to its articles but intends to engage with relevant shareholder groups and to take account of best practice to allow, as far as possible, multiple corporate representatives to attend at general meetings of the Company and ensure their votes are counted.

6. CREST and treasury shares

Provisions have been added in the New Articles to reflect that shares can be transferred by means of CREST (an electronic settlement system) and held in uncertificated form and that shares may be held in treasury.

7. Age of Directors on appointment and re-election

The Current Articles contain a provision confirming that no Director is required to retire by reason of attaining the age of 70. The provision requiring directors of public companies to retire at 70 (clause 293 of the Companies Act 1985) was repealed in April 2007 and so the provision is no longer required and is removed in the New Articles.

8. Directors' Fees

The existing cap on the aggregate fees payable to Directors of £100,000 per annum has been in place for some years. In light of the increased responsibilities of directors particularly since the introduction of the Combined Code on Corporate Governance, the New Articles increase this limit to £500,000 per annum to give the Company greater flexibility in recruiting high calibre directors in the future.

9. Director's Interests

The Companies Act 2006 sets out directors' general duties. The provisions largely codify the existing law, but with some changes. Under the Companies Act 2006, from 1 October 2008, a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with a company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts (where appropriate) when the articles contain a provision to this effect. The Companies Act 2006 also allows the articles to contain other provisions for dealing with director's conflicts of interest to avoid a breach of duty. The New Articles give the Directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position. These provisions will take effect from 1 October 2008.

There are safeguards which will apply when Directors decide whether to authorise a conflict or potential conflict. Firstly, only independent Directors (i.e. those who have no interest in the matter being considered) will be able to take the relevant decision, and secondly, in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote a company's success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

The New Articles contain provisions (which will be effective from 1 October 2008) relating to confidential information, attendance at Board meetings and availability of Board papers to protect a director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the Directors.

10. Borrowing Powers

The Current Articles limit the powers of the Board to borrow monies to the greater of £2,000,000 and an amount equal to two and a half times the aggregate nominal amount of the issued share capital of the Company and the net amount produced by a consolidation of the balances of the capital and revenue reserves and the share premium accounts of the Company and its subsidiaries. The Company has grown since this limit was introduced and the Board now believes that it is appropriate for the figure of £2,000,000 to be increased to £5,000,000. The New Articles reflect this increase in the borrowing powers of the Board.

11. Electronic and web communications

Provisions of the Companies Act 2006 which came into force in January 2007 enable companies to communicate with shareholders by electronic and/or website communications. The New Articles allow communications to shareholders in electronic form and, in addition, also permit the Company to take advantage of the new provisions relating to website communications. Before the Company can communicate with a Shareholder by means of website or electronic communications, the relevant Shareholder must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website or electronically, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the day on which the request was sent. The Company will notify the Shareholder (either in writing or by other permitted means) when a relevant document or information is placed on the website and a Shareholder can always request a hard copy version of the document or information.

The Company has not yet decided whether to take advantage of the provisions of the Companies Act 2006 in this regard but seeks to take the power to do so.

12. Director's indemnities and loans to fund expenditure

The Companies Act 2006 has widened the powers of a company to indemnify Directors and to fund expenditure incurred in connection with certain actions against Directors. In particular, a company that is a trustee of an occupational pension scheme can now indemnify a director against liability incurred in connection with the company's activities as trustee of the scheme. In addition, the exception allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies. The New Articles reflect the wider provisions of the Companies Act 2006.

13. Execution of Documents

With effect from 6 April 2008, a document executed by one director in the presence of a witness who attests the signature will have the same effect as if executed under seal (before 6 April 2008 the requirement is for execution by two Directors or one director and the company secretary). Provisions to this effect are in the New Articles.

14. General

Several statutory references have been amended to take account of the enactment of sections of the Companies Act 2006 and repeal of the corresponding sections of the Companies Act 1985. Some definitions have also been changed to bring them in line with the Companies Act 2006 (or added where the relevant concepts are no longer dealt with in the Companies Act 2006). Other miscellaneous non-material changes have been made to reflect current law and market practice.

