

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the FSMA, who specialises in advising on the acquisition of shares and other securities.

If you have sold or otherwise transferred all of your Ordinary Shares, please immediately forward this document, together with the accompanying Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The Directors (whose names and functions appear on page 4 of this document) and the Company accept responsibility, both collectively and individually, for the information contained in this document and compliance with the AIM Rules. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Ordinary Shares are admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The London Stock Exchange has not itself examined or approved the contents of this document. Prospective investors should read this document in its entirety.

This document contains no offer of transferable securities to the public within the meaning of section 102B of the FSMA, the Act or otherwise. Accordingly, this document does not constitute a prospectus within the meaning of section 85 of the FSMA and has not been drawn up in accordance with the Prospectus Rules or approved by the FCA or any other competent authority. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List of the United Kingdom Listing Authority.

RedstoneConnect plc

(incorporated and registered in England and Wales with registered number 05332126)

Proposed Share Consolidation, Proposed Reduction of Capital

and

Notice of Annual General Meeting

This document should be read as a whole. However, your attention is drawn to the letter from the Chairman of the Company which is set out on pages 8 – 15 of this document and which contains the Directors' unanimous recommendation that you vote in favour of the Resolutions to be proposed at the Annual General Meeting.

Cantor Fitzgerald ("Cantor"), which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser to the Company in connection with matters set out in this document and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of Cantor or for advising any other person in respect of the matters set out in this document or any transaction, matter or arrangement referred to in this document. Cantor's responsibilities as the Company's nominated adviser and broker are owed solely to London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Cantor by the FSMA or the regulatory regime established thereunder, Cantor does not accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company or the matters set out in this document. Cantor accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement.

Notice of an Annual General Meeting of RedstoneConnect plc, to be held at the offices of RedstoneConnect plc, 40 Holborn Viaduct, London, England, EC1N 2PB at 11a.m. on 5 June 2017, is set out at the end of this document. To be valid, the accompanying Form of Proxy for use in connection with the Annual General Meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU98 7EN by not later than 11 a.m. on 1 June 2017. Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the Annual General Meeting should they so wish.

A copy of this document will be made available from the Company's website, www.redstoneconnectplc.com. Neither the content of the Company's website nor any website accessible by hyperlinks to the Company's website is incorporated in, or forms part of, this document.

IMPORTANT NOTICE

Cautionary note regarding forward-looking statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors’ current intentions, beliefs or expectations concerning, among other things, the Group’s results of operations, financial condition, liquidity, prospects, growth, strategies and the Group’s markets.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors’ current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group’s operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Save as required by law or by the AIM Rules, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors’ expectations or to reflect events or circumstances after the date of this document.

Notice to overseas persons

The distribution of this document and/or the Form of Proxy in certain jurisdictions may be restricted by law and therefore persons into whose possession these documents comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

References to defined terms

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at the section of this document under the heading “Definitions”.

All times referred to in this document are, unless otherwise stated, references to London time.

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DIRECTORS AND ADVISERS

Directors Frank Beechinor, Chairman
Mark Braund, Chief Executive Officer
Spencer Dredge, Chief Financial Officer
Guy Van Zwanenberg, Non-Executive Director
Diana Dyer Bartlett, Non-Executive Director

all of:

40 Holborn Viaduct
London
EC1N 2PB

Company Secretary Roisin Clawson

Nominated Adviser and Broker Cantor Fitzgerald Europe
One Churchill Place
London
E14 5RB

Joint Broker Whitman Howard Limited
First Floor
Connaught House
London
W1K 3NB

Legal Advisers to the Company DAC Beachcroft LLP
100 Fetter Lane
London
EC4A 1BN

Registrars Share Registrars Limited
The Courtyard
17 West Street
Farnham
Surrey
GU9 7EN

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2017
Publication of this document	12 May
Latest time and date for receipt of Form of Proxy	11 a.m. on 1 June
Annual General Meeting	11 a.m. on 5 June
Share Consolidation Record Date	5 p.m. on 5 June
Existing Ordinary Shares disabled in CREST and share register closed	5 p.m. on 5 June
Admission effective and dealings commence on AIM in New Ordinary Shares	8 a.m. on 6 June
CREST accounts credited with New Ordinary Shares	8 a.m. on 6 June
Capital Reduction Record Date	6 p.m. on 27 June
New share certificates despatched on or before	27 June
Court hearing of application to confirm the Reduction of Capital	28 June
Effective Date of the Reduction of Capital	28 June

Notes:

- (1) The date of the Court hearing is subject, amongst other things, to change by the Court.
- (2) The Effective Date is dependent upon, amongst other things, the date upon which the Court confirms the Reduction of Capital.
- (3) Each of the times and dates set out above is based on current expectations and is subject to change. If any of the above times and/or dates is changed, the revised times and/or dates will be notified to Shareholders by announcement through a regulatory information service.
- (4) References to times in this document are to London time.
- (5) All events in the above timetable following the holding of the Annual General Meeting are conditional upon the passing of the resolutions.

TRANSACTION STATISTICS	
Existing Issued Ordinary Share Capital	2,078,479,485
New Ordinary Shares	20,784,795
Nominal Ordinary share value post Share Consolidation	10 pence
ISIN of New Ordinary Shares	GB00BYWN0F98
SEDOL of the New Ordinary Shares	BYWN0F9

DEFINITIONS

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

“Act”	the Companies Act 2006 (as amended);
“AIM”	the AIM market operated by the London Stock Exchange;
“AIM Rules”	the AIM Rules for Companies and guidance notes published by the London Stock Exchange from time to time;
“Annual General Meeting”	the annual general meeting of the Company to be held at the offices of RedstoneConnect Plc 40 Holborn Viaduct, London, England, EC1N 2PB at 11 a.m. on 5 June 2017, notice of which is set out at the end of this document;
“Articles”	the articles of association of the Company;
“Business Day”	a day on which dealings in domestic securities may take place on the London Stock Exchange;
“Cantor”	Cantor Fitzgerald Europe, the Company’s nominated advisor;
“Capital Reduction Record Date”	6 p.m. on 27 June 2017 (or such other time and date as the Directors may determine);
“Capital Reduction Share”	the new B share in the capital of the Company to be issued as part of the Merger Reserve Capitalisation having the rights and restrictions set out in paragraph 9.6 of resolution 9 as set out in the Notice of Annual General Meeting;
“Company” or “RedstoneConnect”	RedstoneConnect plc, a company incorporated and registered in England and Wales with registered number 05332126;
“Court”	the High Court of Justice of England and Wales;
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in those regulations);
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended);
“Deferred Shares”	deferred shares of 0.1 pence each and the deferred shares of 1 penny each in the capital of the Company as at the date of this document;
“Directors” or “Board”	the directors of the Company whose names are set out on page 4 of this document, or any duly authorised committee thereof;
“Effective Date”	the date on which the Reduction of Capital becomes effective;
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST;
“Existing Issued Ordinary Share Capital”	the 2,078,479,485 Ordinary Shares in issue as at the date of this document;
“Existing Ordinary Shares”	the existing ordinary shares of 0.1 pence each;
“Form of Proxy”	the form of proxy for use in connection with the Annual General Meeting which accompanies this document;

“FCA”	the Financial Conduct Authority;
“FSMA”	the Financial Services and Markets Act 2000 (as amended);
“Group”	the Company, its subsidiaries and its subsidiary undertakings;
“London Stock Exchange”	London Stock Exchange plc;
“Merger Reserve Capitalisation”	the capitalisation of £1,910,872 of the Company’s merger reserve through the issue of the Capital Reduction Share as further described in paragraph 3 in the Letter from the Chairman of RedstoneConnect plc;
“New Ordinary Shares”	ordinary shares of 10 pence each in the capital of the Company resulting from the Share Consolidation;
“Notice of Annual General Meeting”	the notice convening the Annual General Meeting which is set out at the end of this document;
“Ordinary Shares”	the ordinary shares of 0.1 pence each in the capital of the Company;
“Prospectus Rules”	the prospectus rules made by the FCA pursuant to section 73A of the FSMA;
“Reduction of Capital”	the proposed cancellation of the Deferred Shares, the Capital Reduction Share and the Company’s share premium account under Part 17, Chapter 10 of the Act, as described in this document;
“Register”	the register of members of the Company maintained by Share Registrars Limited;
“Resolutions”	the resolutions set out in the Notice of Annual General Meeting;
“Share Consolidation”	the proposed consolidation of the Existing Ordinary Share Capital as described in paragraph 2 of the Letter from the Chairman of RedstoneConnect plc;
“Share Consolidation Record Date”	close of business on 5 p.m. on 5 June 2017;
“Shareholders”	holders of Ordinary Shares;
“UK”	the United Kingdom of Great Britain and Northern Ireland; and
“Voting Record Time”	close of business on 1 June 2017.

LETTER FROM THE CHAIRMAN OF REDSTONECONNECT PLC

RedstoneConnect plc

(incorporated in England and Wales with registered number 05332126)

Directors:

Frank Beechinor, Chairman
Mark Braund, Chief Executive Officer
Spencer Dredge, Chief Financial Officer
Guy Van Zwanenberg, Non-Executive Director
Diana Dyer Bartlett, Non-Executive Director

Registered Office:

40 Holborn Viaduct
London
EC1N 2PB

12 May 2017

To holders of Ordinary Shares and, for information only, to holders of options and warrants over Ordinary Shares, the Company's auditors and the holders of the Deferred Shares

Dear Shareholder,

**Proposed Share Consolidation, Proposed Reduction of Capital
and
Notice of Annual General Meeting**

1. INTRODUCTION

At the end of this document is a notice convening the Annual General Meeting, which will be held at the offices of RedstoneConnect plc, 40 Holborn Viaduct, London, England, EC1N 2PB at 11 a.m. on 5 June 2017. As you will see from the enclosed Notice of Annual General Meeting, there are non-standard resolutions relating to the proposal Share Consolidation and Reduction of Capital.

The purpose of this document is to provide you (i) with information about the background to and the reasons for the Share Consolidation, the Reduction of Capital and other proposals and why the Board considers that it is in the best interests of Shareholders to vote in favour of the Resolutions, (ii) to give notice of the Annual General Meeting and (iii) to explain the actions Shareholders should now take.

The contents of this letter are important and I would urge you to read it carefully and to sign and return the enclosed Form of Proxy in accordance with the instructions given thereon and in paragraph 7 ("Action to be Taken") below as soon as possible.

2. BACKGROUND TO AND REASONS FOR THE SHARE CONSOLIDATION

The Board is of the opinion that the Share Consolidation will make investing in the Company's ordinary shares more attractive to a broader range of institutional and professional investors and other members of the investing public. It is therefore proposed that every 100 Existing Ordinary Shares will be consolidated into one New Ordinary Share.

As all existing ordinary shareholdings in the Company are proposed to be consolidated, the proportion of the issued ordinary share capital of the Company held by each Shareholder immediately before and after the Share Consolidation will, save for fractional entitlements and those holding fewer than 100 Existing Ordinary Shares, remain relatively unchanged

Unless a shareholding is exactly divisible by 100, Shareholders will be left with a fractional entitlement to the resulting Ordinary Shares assuming the Share Consolidation is approved by shareholders at the Annual General Meeting. Any fractions arising as a result of the consolidation will be aggregated and sold in the market on shareholders' behalf and, the directors have so determined that where the amount of the proceeds owed in respect of any single shareholding is £3.00 or more, the net proceeds of the sale (after costs) will be returned to shareholders in proportion to their fractional entitlement. Proceeds of less than £3.00 will be retained by the Company and given to charity.

Issue of additional shares

The Company has 2,078,479,485 Existing Ordinary Shares in issue. To effect the proposed share consolidation, it will be necessary to issue a further 15 Existing Ordinary Shares to increase this to 2,078,479,500 which is exactly divisible by 100. Since these additional shares would only represent a fraction of an Ordinary Share, this fraction would be sold pursuant to the arrangements for fractional entitlements described above.

Accordingly, Shareholders currently holding fewer than 100 Existing Ordinary Shares who wish to remain a Shareholder of the Company following the Share Consolidation would need to increase their shareholding to at least 100 Existing Ordinary Shares

prior to the Share Consolidation and the Share Consolidation Record Date. Shareholders in this position are encouraged to obtain independent financial advice before taking any action.

Provided that the proposed Share Consolidation is approved by shareholders at the Annual General Meeting, the Company will, prior to the exercise of outstanding options and warrants, have 20,784,795 New Ordinary Shares in issue.

The entitlements to ordinary shares of holders of securities or instruments convertible into ordinary shares (such as options and warrants) are expected to be adjusted to reflect the Share Consolidation.

CREST and share certificates

For shareholders who hold their shares in uncertificated form it is expected that New Ordinary Shares will be credited to shareholders' CREST accounts on at 8 a.m. on 6 June 2017.

Certificates representing Existing Ordinary Shares will no longer be valid if the Share Consolidation is approved at the Annual General Meeting. For shareholders who hold their shares in certificated form, new share certificates in respect of the New Ordinary Shares are expected to be posted by Share Registrars to certificated shareholders in their new form by 27 June 2017. The new share certificates will be sent by first class post at the risk of the shareholder.

The ISIN for the New Ordinary Shares will be GB00BYWN0F98.

3. BACKGROUND TO AND REASONS FOR THE REDUCTION OF CAPITAL

The Act only permits a company to make distributions to its shareholders out of its profits available for that purpose. In addition, a public company may fund a purchase of its own shares out of distributable profits. Such profits are, broadly, a company's accumulated realised profits so far as not previously utilised by distribution or capitalisation, less its accumulated realised losses.

As at 31 January 2017, the Company had an accumulated deficit on its profit and loss account of £29,938,000. Accordingly, as matters currently stand, the Company does not have distributable profits and is therefore unable to make any distributions to its shareholders or fund a purchase of its own shares out of distributable profits. However, at the same date, there was £32,588,600 standing to the credit of the Company's share premium account and £1,910,872 standing to the credit of the Company's merger reserve. In addition, the nominal value of the Deferred Shares (which are non-voting), which the Directors consider to be effectively worthless due to the extremely restricted rights which the shares confer on their holders, was £2,042,154.

The Directors therefore feel it appropriate to seek shareholder approval to effect the Reduction of Capital and, subject to the approval of holders of the Existing Ordinary Shares and of the Court, to:

- (a) cancel all of the Deferred Shares;
- (b) cancel the Company's share premium account; and
- (c) capitalise the sum of £1,910,872 standing to the credit of the Company's merger reserve by applying that sum in paying up in full a Capital Reduction Share prior to the Court hearing (such capitalisation to take effect at the Capital Reduction Record Date) and allotting and issuing such share by way of a bonus issue to any Director or member of the Company as nominated by the Board.

The Directors then propose to apply the reserve arising to eliminate the Company's accumulated deficit on its profit and loss account and, indeed, to create distributable profits on the balance sheet of the Company of approximately £6,603,626. The Directors believe that, subject to the future performance of the Company, this should give the Company the ability to make distributions to Shareholders and/or buy back its own ordinary shares in the future if, as and when the Directors may consider that it is appropriate to do so. However, the Directors cannot give any guarantee either that the Company will make any distributions or purchases of own shares or as to the size of any distributions or purchases of own shares which may be made.

The rights attaching to the Deferred Shares as set out in the Articles mean that the proposed cancellation of such shares shall not involve a variation of such rights for any purpose and therefore the Company is authorised at any time to reduce its share capital (subject to the provisions of the Act) by cancelling the Deferred Shares without obtaining the consent of the holders of such Deferred Shares. Once the Reduction of Capital has been confirmed by the Court no further communication will be received by the holders of the Deferred Shares from the Company and all share certificates (if any) held in respect of such Deferred Shares can be destroyed.

The Capital Reduction Share will not be admitted to trading on AIM or any other market. No share certificate will be issued in respect of the Capital Reduction Share. The Capital Reduction Share will have extremely limited rights. In particular, the Capital Reduction Share will carry no rights to participate in the profits of the Company and no rights to participate in the Company's assets, save on a winding-up. The Capital Reduction Share will be transferable, but no market will exist in it and it is anticipated that the Court will confirm its cancellation at the Court hearing on the day immediately after it has been issued.

The capitalisation of the merger reserve is needed as an additional step as the Court only has the power to reduce share capital and other statutory reserves, including share premium and capital redemption reserves. Hence, in order to utilise the merger reserve in the Capital Reduction, it is necessary to convert that reserve into share capital (the new Capital Reduction Share) and immediately thereafter cancel the Capital Reduction Share.

The Reduction of Capital does not involve any distribution or repayment of capital or share premium by the Company and will not reduce the underlying net assets of the Company.

4. CANCELLATION OF THE COMPANY'S DEFERRED SHARES, THE CAPITAL REDUCTION SHARE AND SHARE PREMIUM ACCOUNT

The cancellation of the Deferred Shares, the Capital Reduction Share and share premium account will only become effective if (in the following order) (i) resolution 9 is approved by Shareholders at the Annual General Meeting, (ii) confirmation is given by the Court, and (iii) the Court order and a statement of capital are delivered to and registered by Companies House.

As noted above, the cancellation of the Deferred Shares, the Capital Reduction Share and the Company's share premium account should enable the Directors to eliminate the current deficit on the Company's profit and loss account and create distributable profits.

5. PROFORMA TABLE OF SHAREHOLDER FUNDS

The table below sets out the impact of the proposed Share Consolidation and Reduction of Capital on the capital and reserves attributable to Shareholders funds as set out in the Company's balance sheet (assuming the Reduction of Capital it is confirmed by the Court):

Share Capital and Reserves	As reported at 31 January 2017 £000	Subsequent to Share Consolidation and creation of Capital Reduction Share £000	Subsequent to Share Consolidation and Reduction of Capital £000
Ordinary share capital	1,645	1,645	1,645
Deferred share capital	2,042	2,042	–
Share premium	32,589	32,589	–
Merger reserve	1,911	–	–
Capital Reduction Share	–	1,911	–
Accumulated deficit	(29,938)	(29,938)	6,604
Total equity	8,249	8,249	8,249

6. SHARE OPTIONS AND WARRANTS

The Company currently operates an Enterprise Management Incentive Scheme, an Unapproved Share Option Scheme and Save As You Earn scheme for its directors and employees. In addition, warrants have been granted by the Company to one individual. As at the date of this document, the Company has the following outstanding options and warrants over 177,567,476 Ordinary Shares, as follows:

Name	Option(s)/ Warrant	Number of Ordinary Shares over which the option/warrant is held	Exercise price	Exercise period
Frank Beechinor	Option	10,000,000	0.92p	31 December 2018 to 10 December 2025
Mark Braund	Options	65,000,000	0.92p	31 December 2018 to 10 December 2025
Spencer Dredge	Option	26,000,000	0.92p	31 December 2018 to 10 December 2025
Diana Dyer Bartlett	Option	7,000,000	0.92p	31 December 2018 to 10 December 2025
Guy van Zwanenberg	Option	3,000,000	0.92p	31 December 2018 to 10 December 2025
Iain Ross	Warrant	4,000,000	5p	12 June 2013 to 11 June 2023
Other employees	Options	3,000,000	3.5p	1 February 2014 to 31 January 2017
Other employees	Options	19,953,280	0.92p	31 December 2018 to 10 December 2025
Other employees	Options	23,677,458	1.265p	1 December 2019 to 1 July 2020
Other employees	Options	15,936,738	1.265p	1 February 2020 to 1 August 2020

The Remuneration Committee of the Company will consider what, if any, adjustments need to be made to the number of option shares and/or the exercise price following completion of the Share Consolidation in accordance with the terms of the relevant option scheme or warrant instrument (as the case may be).

7. THE ANNUAL GENERAL MEETING

The Share Consolidation and the Reduction of Capital require the approval of Shareholders by ordinary and special resolution respectively in general meeting. The directors have therefore decided to propose these resolutions as special business at this year's annual general meeting.

A notice convening the Annual General Meeting of the Company, to be held at the offices of RedstoneConnect plc, 40 Holborn Viaduct, London, England, EC1N 2PB at 11 a.m. on 5 June 2017 is set out at the end of this document.

The Resolutions to be proposed at the Annual General Meeting (resolutions 1 to 6 as ordinary resolutions and resolutions 7 to 9 as special resolutions) are as follows:

1) Resolution 1 – Accounts

The Directors are legally required to present their report and the audited accounts before the members at an Annual General Meeting. The annual report and accounts are available on the Company's website, www.redstoneconnectplc.com, a copy of which may be requested by contacting Roisin Clawson at RedstoneConnect plc, 40 Holborn Viaduct, London, England, EC1N 2PB, United Kingdom.

2) Resolution 2 – Re-appointment of Diana Dyer Bartlett as Director

This resolution seeks to re-appoint Diana Dyer Bartlett as a director of the Company, who retires by rotation in accordance with article 105 of the Articles and offers herself for re-appointment. Diana is Chairman of the Audit Committee and a member of the Remuneration and Nominations Committees.

3) Resolutions 3 and 4 – Re-appointment of auditor and fixing of auditor's remuneration

The Company is required to appoint auditors at each general meeting at which accounts are laid. The Board is proposing that KPMG LLP, be re-appointed. KPMG LLP has expressed its willingness to continue to act as auditor of the Company. Resolution 4 proposes that the Directors be authorised to set the auditor's remuneration.

4) Resolution 5 – Share Consolidation

This resolution seeks approval from the Shareholders of the Company for the Share Consolidation so that every 100 Existing Ordinary Shares will be consolidated into one New Ordinary Share.

The Board considers it desirable to effect the Share Consolidation for the reasons set out in this document.

5) Resolution 6 – Authority to allot shares

This resolution relates to the authority of the Directors to allot shares and rights to subscribe for new shares. Under section 551 of the Act, the directors of a company may allot shares if authorised to do so by shareholder resolution. Resolution 6, if passed, will continue the directors' flexibility to issue new shares, although there are currently no such plans. Resolution 6 will, if passed, permit the Directors to exercise all powers of the Company to allot shares in the Company or to grant rights to subscribe for, or to convert any security into shares in the Company up to an aggregate nominal amount of £692,826 which will represent approximately one third of the Company's issued ordinary share capital following the Share Consolidation. The authority will expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution, unless previously varied, resolved or renewed by the Company in general meeting of the Company.

6) Resolution 7 - Dis-application of pre-emption rights

This resolution relates to the disapplication of pre-emption rights and is a special resolution. If equity securities are to be allotted for cash pursuant to the authority proposed to be given by resolution 6, section 561(1) of the Act requires that those securities are offered first to existing shareholders in proportion to the number they each hold at that time and otherwise in accordance with the technical requirements of the Act. There may be circumstances, however, when it is in the interests of the Company to be able to allot new equity securities or sell shares held in treasury (if any) for cash without first offering them to existing shareholders or otherwise than strictly in compliance with those requirements, for example to finance business opportunities. The authority proposed to be given by resolution 7 will allow the Directors to allot equity securities for cash without first offering them to existing shareholders in accordance with the Act, but limits such allotments to a maximum aggregate nominal value of £692,826 which is approximately one third of the Company's issued ordinary share capital following the Share Consolidation. The Company does not currently have any plans to allot new equity securities for cash and this resolution is to provide the Directors with flexibility to manage the Company's capital resources. This authority will expire at the conclusion of the next annual general meeting of the Company to be held following the passing of the resolution, unless previously varied, resolved or renewed by the Company in general meeting of the Company.

7) Resolution 8 – Amendment to the Company’s Articles

This resolution makes an amendment to the Articles to: (i) reflect the results of the Share Consolidation and the change to the nominal value of the Company’s ordinary shares; and (ii) reflect the deletion of the rights attaching to the Deferred Shares assuming the Reduction of Capital is confirmed by the Court.

8) Resolution 9 – Reduction of Capital

This resolution seeks approval from the Shareholders to, immediately following the Share Consolidation, cancel the Deferred Shares, the Capital Reduction Share and the share premium account, being the first step in the Reduction of Capital process which is proposed for the reasons set out in this document.

Resolutions 1 – 6 above require a simple majority of the votes cast. The majority required to pass resolutions 7 – 9 above is not less than 75 per cent. of the votes cast.

Shareholders should read the Notice of Annual General Meeting at the end of this document for the full text of the Resolutions and for further details about the Annual General Meeting.

The attention of Shareholders is also drawn to the voting intentions of the Directors and their connected parties as set out in the paragraph entitled “Recommendation” below.

Shareholders have the right to attend, speak and vote at the Annual General Meeting (or, if they are not attending the meeting, to appoint someone else as their proxy to vote on their behalf) if they are on the Register at the Voting Record Time (namely close of business on 1 June 2017). Changes to entries in the Register after the Voting Record Time will be disregarded in determining the rights of any person to attend and/or vote at the Annual General Meeting. If the Annual General Meeting is adjourned, only those Shareholders on the Register 48 hours before the time of the adjourned Annual General Meeting (excluding any part of a day that is not a Business Day) will be entitled to attend, speak and vote or to appoint a proxy.

The number of Ordinary Shares a Shareholder holds as at the Voting Record Time will determine how many votes a Shareholder or his proxy will have in the event of a poll.

8. ACTION TO BE TAKEN

Ordinary Shareholders

Set out at the end of this document, you will find a notice convening the Annual General Meeting.

A Form of Proxy for use at the Annual General Meeting accompanies this document. The Form of Proxy should be completed and signed in accordance with the instructions thereon and returned to the Company’s registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7EN, as soon as possible, but in any event so as to be received by no later than 11 a.m. on 1 June 2017. The completion and return of a Form of Proxy will not preclude Shareholders from attending the Annual General Meeting and voting in person should they so wish.

Deferred Shareholders

You are not entitled to vote on any of the transactions contemplated in this document, hence no further action is required. This document has been sent to you for information purposes only.

9. APPLICATION TO THE COURT

If resolution 9 to be proposed at the Annual General Meeting is approved, the Board intends to make an application to the Court promptly following the Annual General Meeting to confirm the Reduction of Capital. To this end, provisional dates have been obtained for hearing the Company’s application. These dates are subject to change depending on the Court’s timetable, but the present timetable provides for the final hearing of the Company’s application to take place on 28 June 2017.

Prior to confirming the cancellation of the Deferred Shares, the Capital Reduction Share and the share premium account, the Court will need to be satisfied that the creditors of the Company at the Effective Date are not prejudiced by the same. The Company will put in place such form of creditor protection as is appropriate to satisfy the Court in this regard, which may include, amongst other things, the Company (i) seeking consent from certain creditors, and/or (ii) giving an undertaking to the Court to create a special, non-distributable reserve, with any such reserve to remain until the relevant creditors of the Company at the Effective Date who are not protected at that date by other means have been otherwise protected or discharged.

The precise form of creditor protection is a question for the Court and the Company will give such creditor protections as the Court requires and the Company’s solicitors advise are appropriate. The Board reserves the right not to pursue an application for an order confirming the Reduction of Capital if it appears that the creditor protection which would be required by the Court would be unduly onerous or otherwise contrary to the interests of the Company.

10. EFFECT OF THE REDUCTION OF CAPITAL

Subject to approval by Shareholders, and to Court consent, the amounts resulting from the cancellation of the Deferred Shares, the Capital Reduction Share and the Company's share premium account will be credited to the Company's profit and loss account to create (subject to the Court's confirmation) distributable profits that the Company will be able to use when making any future distributions to Shareholders or purchases of own shares.

The Reduction of Capital does not involve any distribution or repayment of capital or share premium by the Company and will not reduce the underlying net assets of the Company.

11. ADMISSION

Following the Share Consolidation becoming effective, the New Ordinary Shares will be admitted to trading on AIM. It is expected that admission of the New Ordinary Shares to trading on AIM will take place on 6 June 2017. The ISIN number for the New Ordinary Shares will be GB00BYWN0F98.

12. RECOMMENDATION

Your Board believes the Resolutions are in the best interests of the Company and would promote the success of the Company for the benefit of the Shareholders as a whole. Accordingly, the Directors unanimously recommend that the Shareholders vote in favour of the Resolutions to be proposed at the Annual General Meeting as they intend to do in respect of their holdings, amounting, in aggregate, to 33,697,968 Existing Ordinary Shares, representing 1.6 per cent of the Existing Issued Ordinary Share Capital.

Yours faithfully,

Frank Beechinor
Chairman

RedstoneConnect plc

(the "Company")

(Registered and incorporated in England and Wales with Company number 05332126)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Company will be held at the offices of RedstoneConnect plc, 40 Holborn Viaduct, London, England, EC1N 2PB on 5 June 2017 at 11 a.m. for the following purposes:

Ordinary Business

To consider and, if thought fit, to pass the following resolutions, each of which will be proposed as an ordinary resolution:

1. To receive and adopt the Company's annual accounts for the financial year ended 31 January 2017 together with the directors' report and the auditors' report on those accounts.
2. To re-appoint Diana Dyer Bartlett, who retires by rotation, as a director of the Company.
3. To re-appoint KPMG LLP as auditors to hold office from the conclusion of the meeting to the conclusion of the next meeting at which the accounts are laid before the Company.
4. To authorise the directors to fix the remuneration of the auditors.

Special Business

To consider and, if thought fit, to pass the following resolutions, of which resolutions 5 and 6 will be proposed as ordinary resolutions and resolutions 7, 8 and 9 will be proposed as special resolutions:

5. THAT, the issued ordinary share capital of the Company be consolidated so that every 100 ordinary shares of 0.1 pence each held by a shareholder becomes one new ordinary share of 10 pence each having the same rights and being subject to the same restrictions (save as to nominal value) as the existing ordinary shares of 0.1p each in the capital of the Company as set out in the Company's articles of association (the "Share Consolidation").
6. THAT, in substitution for any equivalent authorities and powers granted to the directors prior to the passing of this resolution, the directors be and are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company being "relevant securities":
 - 6.1 up to an aggregate nominal amount of £692,826 representing approximately one third of the Company's issued existing ordinary share capital; or
 - 6.2 if resolution 5 is passed, up to an aggregate nominal amount of £692,826 representing approximately one third of the Company's issued new ordinary share capital following the Share Consolidation,provided that, unless previously revoked, varied or extended, this authority shall expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the next annual general meeting of the Company, except that the Company may, at any time before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.
7. THAT, subject to the passing of resolution 6 above, the directors be given the general power to allot equity securities (as defined by section 560 of the Act) for cash, pursuant to the authority conferred by resolution 6, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:
 - 7.1 the allotment of equity securities in connection with an offer by way of a rights issue:
 - 7.1.1 to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
 - 7.1.2 to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any applicable regulatory body or stock exchange;

- 7.2 in the case of the authority granted under resolution 6, the allotment (otherwise than pursuant to sub-paragraph 7.1, above) of equity securities up to an aggregate nominal amount of £692,826 (representing approximately one third of the Company's issued existing ordinary share capital) or if resolution 5 is passed, up to an aggregate nominal amount of £692,826 (representing approximately one third of the Company's issued new ordinary share capital following the Share Consolidation),

provided that the power granted by this resolution will expire on the date being 15 months from the date of the passing of this resolution or, if earlier, the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution (unless renewed, varied or revoked by the Company prior to or on such date), 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 an offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This resolution revokes and replaces all unexercised powers previously granted to the directors to allot equity securities as if section 561(1) of the Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

8. THAT:

- 8.1 conditional upon the passing of resolution 5, the articles of association of the Company be amended by deleting the words "Ordinary Shares" means ordinary shares of 0.1 pence (one tenth of a penny) each in the capital of the Company, issued and unissued, as the context requires" in article 2.1 and replacing such words with the words "Ordinary Shares" means ordinary shares of 10 pence each in the capital of the Company, issued and unissued, as the context requires";
- 8.2 conditional upon the High Court of Justice of England and Wales confirming the reduction of capital set out in resolution 9 below, the articles of association of the Company be further amended by:
- 8.2.1 the deletion of the following words:
"RIGHTS AND RESTRICTIONS ATTACHED TO THE DEFERRED SHARES
Notwithstanding any other provisions in these Articles which relate to shares, the provision of Articles 51 to 57 comprise all the rights and restrictions which relate to the Deferred Shares."
- 8.2.2 the deletion of articles 51 to 57 (inclusive);
- 8.2.3 the deletion of the following words:
"RIGHTS AND RESTRICTIONS ATTACHED TO THE 2011 DEFERRED SHARES
Notwithstanding any other provisions in these Articles which relate to shares, the provisions of Articles 58 to 63 comprise all the rights and restrictions which relate to the 2011 Deferred Shares.";
- 8.2.4 the deletion of articles 58 to 63 (inclusive); and
- 8.2.5 the renumbering of articles 65 to 185 (inclusive) accordingly (so article 65 becomes article 51, article 66 becomes article 52 and so on).

9. THAT, subject to confirmation of the High Court of Justice of England and Wales:

- 9.1 all of the issued deferred shares of 1 pence each in the share capital of the Company be cancelled and extinguished;
- 9.2 all of the issued deferred shares of 0.1 pence each in the share capital of the Company be cancelled and extinguished;
- 9.3 the share premium account of the Company be cancelled;
- 9.4 the amount of £1,910,872 standing to the credit of the merger reserve of the Company shall be capitalised and applied in paying up in full at par a single new B share (the "Capital Reduction Share") of £1,910,872 in the capital of the Company and the directors be and are hereby authorised for the purposes of section 551 of the Act to allot and issue the Capital Reduction Share thereby created to such Director or member of the Company as they shall in their absolute discretion determine upon terms that it be paid up in full by such capitalisation, and such authority shall for the purposes of section 551 of the Act expire on 31 August 2017;
- 9.5 the Capital Reduction Share created and issued pursuant to paragraph 9.4 above shall have the following rights and restrictions:
- 9.5.1 the holders of the Capital Reduction Share shall have no right to receive any dividend or other distribution whether of capital or income;
- 9.5.2 the holders of Capital Reduction Share shall have no right to receive notice of or to attend or vote at any general meeting of the Company;

- 9.5.3 the holders of Capital Reduction Share shall on a return of capital on a liquidation, but not otherwise, be entitled to receive the nominal amount of each such share but only after the holder of each Ordinary Share shall have received the amount paid up or credited as paid up on such a share and the holders of Capital Reduction Share shall not be entitled to any further participation in the assets or profits of the Company;
- 9.5.4 a reduction by the Company of the capital paid up and credited as paid up on the Capital Reduction Share and the cancellation of such shares will be treated as being in accordance with the rights attaching to the Capital Reduction Share and will not involve a variation of such rights for any purpose. The Company will be authorised at any time without obtaining the consent of the holders of Capital Reduction Share to reduce its capital (in accordance with the Act);
- 9.5.5 the Company shall have irrevocable authority at any time after the creation or issue of the Capital Reduction Share to appoint any person to execute on behalf of the holder of such share a transfer thereof and/or an agreement to transfer the same without making any payment to the holder thereof to such person or persons as the Company may determine and, in accordance with the provisions of the Act, to purchase or cancel such share without making any payment to or obtaining the sanction of the holder thereof and pending such a transfer and/or purchase and/or cancellation to retain the certificate, if any, in respect thereof, provided also that the Company may in accordance with the provisions of the Act purchase the Capital Reduction Share then in issue at a price not exceeding 1 penny; and
- 9.6 the Capital Reduction Share created and issued pursuant to paragraph 9.4 above shall be cancelled.

BY ORDER OF THE BOARD Registered Office:

Roisin Clawson
Company Secretary
12 May 2017

40 Holborn Viaduct
London
EC1N 2PB

Explanatory Notes:

Entitlement to attend and vote

1. Only those members registered on the Company's register of members at:

- 6.30 p.m. on 1 June 2017 or,
- if this Meeting is adjourned, 6.30 p.m. on the day two days prior to the adjourned meeting,

shall be entitled to attend and vote at the Meeting in accordance with Regulation 41 of the Uncertificated Securities Regulations 2001. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Appointment of proxies

2. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, if you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to more than one share. To appoint more than one proxy please refer to the notes on the Form of Proxy.

Appointment of proxy using hard copy proxy form

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
 - completed and signed;
 - sent or delivered to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7EN; and
 - received by Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7EN no later than 11 a.m. on 1 June 2017.

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

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

Appointment of proxy by joint members

6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

7. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7EN.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

8. In order to revoke a proxy instruction you will need to inform the Company using the following method:

By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7EN. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7EN no later than 11 a.m. on 1 June 2017.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Documents on display

9. The following documents will be available for inspection at the registered office of the Company on any weekday (excluding public holidays) during normal office hours from the date of this Notice until the time of the Meeting and for at least 15 minutes prior to the Meeting and during the Meeting:

- Copies of the service contracts of executive directors of the Company.
 - Copies of the letters of appointment of the non-executive directors of the Company.
 - Track changed copy and clean copy of the amended articles of association.
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