

THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the contents of this document or the action you should take you are recommended to seek advice from your solicitor, accountant, stockbroker, bank manager or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if you are resident outside the United Kingdom, from another appropriately qualified independent financial adviser.

If you have sold or otherwise transferred all of your shares in Carpathian PLC (the "**Company**") please send this document, together with the accompanying Form of Proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through or to whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold or transferred part only of your holding of shares in the Company you should retain this document and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

Carpathian PLC

(Incorporated and registered in the Isle of Man under the Isle of Man Companies Acts 1931 to 2004 with registered number 113626C)

Notice of Annual General Meeting

Including proposed re-registration of the Company as a company incorporated under the Isle of Man Companies Act 2006 and the subsequent cancellation of paid up share capital and redenomination of shares into Euro

Your attention is drawn to the letter from the Chairman of the Company set out in Part I of this document which recommends that you vote in favour of the Resolutions to be proposed at the Annual General Meeting referred to below.

Notice of the Annual General Meeting of the Company to be held at IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP on 21 July 2009, at 3p.m. is set out at the end of this document. The Form of Proxy for use in relation to the Annual General Meeting is enclosed. Whether or not you propose to attend the Annual General Meeting you are requested to complete the Form of Proxy in accordance with the instructions printed thereon and return it to the Company's registrar, IOMA Fund and Investment Management Limited, IOMA House, Hope Street, Douglas, Isle of Man IM86 2AF, as soon as possible but in any event, to be valid, it must be completed and returned so as to arrive not later than 3p.m. on 19 July 2009. Proxy voting in respect of uncertificated shares in the Company may also be registered through CREST (see note 11 to the Form of Proxy).

A summary of the action to be taken by Shareholders of the Company is set out on page 5 and in the Notice of Annual General Meeting set out at the end of this document. The return of one or more completed Forms of Proxy or the giving of an electronic proxy instruction will not prevent you from attending the Annual General Meeting and voting in person if you wish to do so (and are so entitled).

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Expected timetable

Last time and date for receipt of Forms of Proxy	3p.m. on 19 July 2009
Annual General Meeting	3p.m. on 21 July 2009
Anticipated date of re-registration of the Company	24 July 2009
Anticipated date of reduction of paid-up share capital and redenomination of shares into Euro	24 July 2009

Definitions

The following definitions apply throughout this document unless the context requires otherwise (in addition to the terms defined in the text):

"AIM"	the AIM Market of the London Stock Exchange plc
"Annual General Meeting"	the Annual General Meeting of the Company the Notice of which is set out at the end of this document, or any reconvened meeting following adjournment thereof
"Board"	the Board of Directors of the Company
"Company"	Carpathian PLC
"CREST"	the electronic system for paperless settlement of share transfers and the holding of shares in uncertificated form in respect of which Euroclear UK & Ireland is the operator
"Current Articles"	the current articles of association of the Company
"Directors"	the Directors of the Company, whose names are set out on page 6 of this document
"Form of Proxy"	the Form of Proxy for use by Shareholders in connection with the Annual General Meeting which is set out at the end of this document
"Group"	the Company and its subsidiaries from time to time
"New Articles"	the new articles of association of the Company to be adopted pursuant to Resolution 6 as set out in the Notice
"New Memorandum"	the new memorandum of association of the Company to be adopted pursuant to Resolution 6 as set out in the Notice
"Notice"	the Notice of the Annual General Meeting which is set out at the end of this document
"Ordinary Shares"	ordinary shares of £0.01 each in the capital of the Company, the par value of each of which is to be redenominated from £0.01 to €0.01 pursuant to Resolution 8 as set out in the Notice
"Reclassification"	the proposed reclassification as a distributable reserve of £150,000,000 of the paid up share capital of the Company (representing premium paid up on the existing issued Ordinary Shares) to be approved pursuant to Resolution 7 as set out in the Notice
"Redenomination"	the proposed redenomination of the par value of the Ordinary Shares from £0.01 to €0.01 to be approved pursuant to Resolution 8 as set out in the Notice
"Re-registration"	the proposed re-registration of the Company as a company incorporated under the 2006 Act to be approved pursuant to Resolution 6 as set out in the Notice
"Resolutions"	the resolutions set out in the Notice and any numbered Resolution shall mean the Resolution bearing that number set out in the Notice
"Shareholders"	holders of any Ordinary Shares
"2006 Act"	the Companies Act 2006 (as amended) of the Isle of Man
"£" and "p"	Pounds Sterling and pence Sterling respectively
"€"	Euro

Part I

CARPATHIAN PLC (the "Company")

(incorporated and registered in the Isle of Man under the Isle of Man Companies Acts 1931 to 2004 with registered number 113626C)

Directors

Rory Patrick Macnamara* (Chairman)
Timothy Graham Walker*
Patrick Rupert Cottrell*
Philip Peter Scales*

(*Non-executive)

Registered Office

IOMA House
Hope Street
Douglas
Isle of Man
IM1 1AP

19 June 2009

To all Shareholders

Dear Sir or Madam,

Annual General Meeting

Introduction

In the preliminary announcement of the results of the Group for 2008 issued on 1 May 2009, I indicated that it was your Board's intention to proceed with a redenomination of the presentational currency of the Company from Pounds Sterling to the Euro. This will require a re-registration of the Company under Isle of Man companies law and a redenomination of the Company's share capital into Euro. This process is explained more fully below.

Following the redenomination of the presentational currency to the Euro, the price of the Company quoted on the London Stock Exchange (the "**Quotation**") will be redenominated in Euro to be consistent with the presentational currency.

Accordingly, in addition to the business usually conducted at the Company's Annual General Meetings (namely, the adoption of the audited accounts, the re-appointment of certain Directors, the re-appointment of the Company's auditors and the granting of authorities to allot new shares), the Board has concluded that it is in the best interests of the Company and the Shareholders to propose resolutions at the Annual General Meeting approving the following additional matters:

- (a) the re-registration of the Company as a company governed by the Isle of Man Companies Act 2006 (the "**2006 Act**") (it is currently incorporated under the Isle of Man Companies Acts 1931-2004) (the "**Re-registration**");
- (b) the adoption of a new memorandum of association (the "**New Memorandum**") and new articles of association (the "**New Articles**") suitable for a company governed by the 2006 Act; and
- (c) conditional upon the Re-registration and the adoption of the New Memorandum and the New Articles:
 - (i) the cancellation and reclassification as a distributable reserve of £150,000,000 of the paid up share capital of the Company (representing premium paid up on the existing issued Ordinary Shares) (the "**Reclassification**"); and
 - (ii) the redenomination of the par value of the Ordinary Shares from £0.01 to €0.01 (the "**Redenomination**").

The Re-registration

The 2006 Act updates and modernises Isle of Man company law and, amongst other things, abolishes a number of traditional company law formalities including the requirement to maintain capital (subject to solvency). Accordingly, subject to the Re-registration becoming effective, it will be easier for the Company to reclassify share premium funds as distributable reserves to enable it to return cash to its Shareholders (either by way of one or more share buy-backs or dividends) as there is no requirement to seek the approval of the Isle of Man High Court to authorise such reclassification.

As part of the Re-registration, the Company proposes to adopt the New Memorandum and the New Articles, which the Company considers are appropriate for a company incorporated under the 2006 Act, the shares of which are admitted to AIM. The proposed New Memorandum is substantially the same as the current memorandum of association of the Company, save that the New Memorandum will not make reference to any authorised share capital level (as 2006 Act companies do not require an authorised share capital) and the New Memorandum will contain certain new information, including details of the registered agent and a provision regulating how the New Memorandum and the New Articles can be amended. The proposed New Articles are substantially the same as the Current Articles; those changes considered significant which have been incorporated in to the New Articles are listed in Section B of Part III of this document. In addition, Section A of Part III of this document contains a brief explanation of the key characteristics of companies incorporated under the 2006 Act. Copies of the New Memorandum and the New Articles are available for review from the Company's registered office at any time before the Annual General Meeting; in addition, copies of the New Memorandum and the New Articles will be available on the Company's website at www.carpathianplc.com and at the Annual General Meeting.

Consequences of Re-registration

On the basis that the Re-registration proceeds, the 2006 Act provides that the Company will be the same legal entity as exists at present and Re-registration will not serve to prejudice or affect the continuity of the Company. On the date the Registrar of Companies in the Isle of Man issues a certificate of re-registration in respect of the Company, the Company shall cease to be a company incorporated under and subject to the Companies Acts 1931-2004; instead the Company shall be subject to the 2006 Act.

The Reclassification

Whilst not strictly necessary from an Isle of Man legal perspective (as a 2006 Act company can buy-back its shares and declare and pay dividends subject solely to satisfaction of a statutory solvency test), the Reclassification will enable £150,000,000 of the Company's share premium funds to be reclassified as a distributable reserve in its accounts.

The Redenomination

Since incorporation of the Company, its functional currency has been the Euro, but it has consistently chosen its presentational currency as Pounds Sterling for the purposes of financial reporting and Quotation, having been incorporated in the Isle of Man with a Pounds Sterling share capital. This has given rise to a number of foreign exchange effects which have called for detailed explanation, as highlighted in our preliminary announcement this year. It is our intention, therefore, to eliminate a number of these effects by proposing a redenomination of our share capital into Euro, the par value of the Ordinary Shares converting from £0.01 to €0.01 and Quotation from Pounds Sterling to Euro. In addition, with effect from the current financial year ending 31 December 2009, we shall be presenting and reporting our financial results exclusively in Euro. A number of specific consequences will follow, and the table below shows (for illustration purposes only) the presentational impact upon the equity section of the Company's balance sheet as it was stated as at 31 December 2008. The paid up share capital will be unaffected, being the same nominal amount, but expressed in Euro. The share premium account is reduced by the proposed cancellation (assuming that it proceeds), and is then converted, together with the Quotation, at the applicable exchange rate (assumed for illustration purposes to be £1.00 = €1.10). Using that same illustrative rate, the share premium account will also be converted and the difference (between the real exchange rate and £1.00 = €1.00 at which the share capital is converted) will be transferred to the share premium account. The existing 'Translation Reserve' in the Company's balance sheet of approximately £66.5 million will be reversed back into Euro 'Retained Earnings' upon presentation of the Euro financial statements.

	Audited 31 December 2008 £'000	Share premium cancellation £0'000	Post Conversion £0'000	Transfer to share Premium €0'000	Post Conversion (€) 2008* €0'000
Equity					
Issued Capital	2,321	-	2,321	(232)	2,321
Share Premium	179,923	(150,000)	29,923	232	33,147
Retained Earnings	(95,562)	150,000	54,438	-	133,068
Translation Reserve	66,533	-	66,533	-	-
Total equity attributable to equity holders of the parent	153,215	-	153,215		168,537

*Note: these numbers are presented for illustration purposes only: the conversion will be effective only on and from the date shown on page 2. The £ to € conversion rate will be that prevailing on that date.

Voting at the Annual General Meeting and action to be taken

Resolutions 1 to 5 (inclusive) and 9 are to be proposed as ordinary resolutions, requiring approval by more than 50% of the votes cast at the Annual General Meeting (whether in person or by proxy). Resolutions 6, 7, 8 and 10 are to be proposed as special resolutions, requiring approval by at least 75% of the votes cast at the Annual General Meeting (whether in person or by proxy).

You will find enclosed a reply-paid Form of Proxy for use in connection with the Annual General Meeting. Whether or not you are able to attend, you are requested to complete the Form of Proxy in accordance with the instructions set out on the form and return it to the Company's registrars, IOMA Fund and Investment Management Limited, IOMA House, Hope Street, Douglas, Isle of Man IM86 2AF as soon as possible and, in any event, so as to arrive by no later than 3p.m. on 19 July 2009. Proxy voting in respect of uncertificated Ordinary Shares may also be registered through CREST (see note 11 to the Form of Proxy). The completion and return of a Form of Proxy or the giving of an electronic proxy instruction will not preclude you from attending and voting in person at the Annual General Meeting if you wish.

Recommendation

The Directors consider that all the Resolutions to be put to the Annual General Meeting are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the Resolutions as they intend to do (or, as appropriate, intend to procure that the holders of the Ordinary Shares in which they are interested do) in respect of holdings amounting in aggregate to 100,000 Ordinary Shares (representing approximately 0.04% of the existing issued Ordinary Shares).

Yours faithfully,

Rory Macnamara

Chairman

For and on behalf of **Carpathian PLC**

Part II

An Explanation of the Resolutions

The following is an explanation of the Resolutions to be proposed at the Annual General Meeting.

Resolutions 1 – 5 (inclusive) comprise ordinary business and will be proposed as ordinary resolutions requiring a simple majority of votes to be carried. Resolutions 6 – 10 (inclusive) comprise special business and will be proposed as special resolutions requiring a majority of at least three-quarters to be carried, except Resolution 9 which will be proposed as an ordinary resolution.

Resolution 1: receiving the Report and Accounts

The Directors will present to Shareholders at the Annual General Meeting the accounts for the financial year ended 31 December 2008, together with their report and the auditor's report on those accounts.

Resolution 2: re-appointing Patrick Rupert Cottrell

Under the current articles of association of the Company (the "Current Articles"), each year one third of the Directors must retire by rotation at each Annual General Meeting. Patrick Rupert Cottrell is the Director required to retire at the Annual General Meeting, and is offering himself for re-appointment. Patrick Rupert Cottrell is a resident of the Isle of Man and former Chairman of the Supervisory Board of A.S. Magnum Medical, a pan-Baltic pharmaceutical group. He was also a Director of New European Investments Limited, a closed private investment fund targeting Eastern European companies. As a consequence Patrick Rupert Cottrell has developed extensive relationships within CEE which are of benefit to the Company. He is a former Director of the AIM quoted PFI Infrastructure Company PLC, recently taken over by 2i. Currently he is Chairman of the main market listed Infrastructure India PLC and a director of a modest number of private property and infrastructure related companies.

Resolution 3: re-appointing Rory Patrick Macnamara

Under the Current Articles, a Director appointed by the Board must retire at the next Annual General Meeting following his appointment. Rory Macnamara was appointed to the Board as Non-executive Chairman on 17 November 2008. Rory Macnamara qualified as a Chartered Accountant with PricewaterhouseCoopers LLP and worked at Morgan Grenfell for 17 years. He was a Director in Corporate Finance, Head of Mergers and Acquisitions and Vice Chairman of Morgan Grenfell & Co Ltd. In 1999, he joined Lehman Brothers, where he was a Managing Director in UK Investment Banking until 2001. He currently acts as a corporate consultant and is Chairman of Izodia PLC and Essenden PLC, and a Director of Private Equity Investor PLC, Dunedin Income Growth Investment Trust PLC and Augean PLC.

Rory Macnamara is a member of the Company's audit committee.

Resolution 4: re-appointing Timothy Graham Walker

Tim Walker was also appointed by the Board as a Non-executive Director on 17 November 2008 and must retire at the Annual General Meeting. Tim Walker is a chartered accountant and an Isle of Man resident. He is the former Finance Director of Swallow/Vaux Group plc, Strix Group and Burtonwood Brewery plc. Tim is currently a Non-executive Director of Ishaan Real Estate plc, Clean Energy Brazil plc, Infrastructure India PLC and a number of private companies in the leisure and property industries.

Tim Walker is the Chairman of the Company's audit committee.

Resolution 5: re-appointing the auditors

Resolution 5 is an ordinary resolution proposing the re-appointment of KPMG Audit LLC, Douglas, Isle of Man as auditor of the Company, until the conclusion of the next Annual General Meeting of the Company at which accounts are laid before the Company, and that the Directors are authorised to determine their remuneration.

Resolution 6: Re-registration and adoption of New Articles and New Memorandum

Resolution 6 is a special resolution proposing the re-registration of the Company as a company incorporated under the 2006 Act and the adoption of the New Memorandum and New Articles.

Resolution 7: Reclassification

Resolution 7, a special resolution, is conditional upon Resolution 6 being passed and proposes the cancellation and reclassification as a distributable reserve of £150,000,000 of the Company's paid up share capital (representing premium paid up on the existing issued Ordinary Shares).

Resolution 8: Redenomination

Resolution 8, a special resolution, is conditional upon Resolution 6 being passed and proposes:

- (a) the redenomination of the par value of the Ordinary Shares from £0.01 to €0.01; and
- (b) certain amendments to the New Articles to reflect the new €0.01 par value of the Ordinary Shares.

Resolution 9: authorising the Directors to allot shares

Under the New Articles the Directors may allot unissued Ordinary Shares in the capital of the Company, if authorised to do so.

Resolution 9, an ordinary resolution, is conditional upon Resolution 6 being passed and seeks approval from Shareholders to grant the Directors authority, where Resolution 8 is passed, to allot unissued Ordinary Shares of €0.01 each in the capital of the Company up to an aggregate par value of €773,827 or, where Resolution 8 is not passed, to grant the Directors authority to allot unissued Ordinary Shares of £0.01 each in the capital of the Company up to an aggregate par value of £773,827, both of which represent 77,382,700 Ordinary Shares (approximately one third of the issued share capital of the Company as at 31 December 2008). A corresponding authority was given to the Directors at the Company's last Annual General Meeting and that authority expires at the conclusion of the forthcoming Annual General Meeting.

The Directors will use their discretion to exercise this authority in a manner calculated to manage the Company's capital base as effectively as possible and generally in a manner most likely to promote the success of the Company for the benefit of Shareholders. There are no present plans to allot unissued Ordinary Shares pursuant to this authority and the only current commitments to allot unissued Ordinary Shares that currently exist are in relation to subsisting options granted to Perriniana Limited and Numis Securities Limited (as referred to in the notes to the accounts (number 33 – Share-based payments and number 16 – Goodwill, respectively).

The authority proposed by Resolution 9 will expire at the conclusion of the Company's next Annual General Meeting to be held after the passing of the Resolution or (if sooner) on the date being 15 months following the passing of the Resolution.

Resolution 10: disapplying pre-emption rights

Where shares are allotted pursuant to a general authority, as provided for by Resolution 9, and they are to be allotted wholly for cash consideration, that allotment must be made subject to the provisions of article 5.2 of the New Articles. This article requires that any new shares to be allotted are offered on a pre-emptive basis to existing Shareholders, i.e. in proportion to their existing holdings prior to being allotted in any other fashion. There may, however, be circumstances where the Directors wish to allot shares for cash other than to the Shareholders strictly pro rata to their holdings, but this may not be done unless the Shareholders have first waived their pre-emption rights. A disapplication of these rights was granted at the Company's last Annual General Meeting and that disapplication expires at the end of the Annual General Meeting.

Resolution 10, a special resolution, is conditional upon Resolutions 6 and 9 being passed and seeks approval from Shareholders to grant the Directors authority, where Resolution 8 is passed, to allot Ordinary Shares of €0.01 each wholly for cash, as if article 5.2 of the New Articles did not apply to such allotment, up to an aggregate par value of €116,074 or, where Resolution 8 is not passed, to grant the Directors authority to allot Ordinary Shares of £0.01 each wholly for cash, as if article 5.2 of the New Articles did not apply to such allotment, up to an aggregate par value of £116,074, representing (in respect of both options) 11,607,400 Ordinary Shares (equivalent to approximately 5% of the issued share capital of the Company as at 31 December 2008).

The disapplication proposed by Resolution 10 will expire at the conclusion of the Company's next Annual General Meeting to be held after the passing of the Resolution or (if sooner) on the date being 15 months following the passing of the Resolution.

There is no present intention on the part of the Directors to exercise this authority.

Part III

Isle of Man Companies Act 2006

Section A – Key Characteristics

The following are some of the key characteristics of companies incorporated under the 2006 Act. It should be noted that the following does not constitute an exhaustive list of the differences between the statutory regimes to which companies incorporated under the Companies Acts 1931 to 2004 of the Isle of Man and companies incorporated under the 2006 Act are subject.

Share Capital

Under the 2006 Act, there is no longer the concept of authorised share capital. Therefore, shares may be issued with or without par value. It should be noted that following the Redenomination, the Company will have shares of €0.01 par value.

Dividends, Redemptions and Buy-backs of Shares

Subject to compliance with its New Memorandum and New Articles, the 2006 Act will allow the Company post Re-registration to declare and pay a dividend and to purchase, redeem or otherwise acquire its own shares subject only to meeting a statutory solvency test.

Capacity and Powers

Companies incorporated under the 2006 Act have separate legal personality and perpetual existence. In addition, such companies have unlimited capacity to carry on or undertake any business or activity; this is so notwithstanding the matter of corporate benefit. The 2006 Act specifically states that no corporate act is beyond the capacity of a company incorporated under the 2006 Act by reason only of the fact that the relevant company has purported to restrict its capacity in any way in its memorandum or articles or otherwise. A person who deals in good faith with a company incorporated under the 2006 Act is entitled to assume that the directors of the company are acting without limitation.

Other Points

In addition to the foregoing, the following other points should be noted in relation to companies incorporated under the 2006 Act:

- there are no prohibitions in relation to the Company providing financial assistance for the purchase of its own shares;
- there is a requirement for a registered agent appropriately licensed in the Isle of Man. (IOMA Fund and Investment Management Limited will be the Company's first registered agent following Re-registration);
- there is no differentiation between public and private companies;
- there are simple share offer document requirements;
- there are reduced compulsory registry filings;
- there is no statutory requirement for a company incorporated under the 2006 Act to have an annual general meeting (although this requirement has been inserted into the New Articles which may be adopted at the Annual General Meeting); and
- the statutory accounting requirements are simplified.

Section B – The New Articles

The New Articles are based upon the Company's Current Articles. Set out below is a list of the principal differences between the Current Articles and the proposed New Articles.

Resolutions

The 2006 Act does not differentiate between ordinary resolutions (passed by a simple majority of votes cast in relation to the relevant resolution) and special resolutions (passed by a majority of three-quarters of votes cast in relation to the relevant resolution). However, there is no prohibition on the Company adopting such a differentiation if it chooses to do so. Accordingly, the New Articles retain the requirements for ordinary resolutions and special resolutions in the circumstances where these are required under the Current Articles.

Authorised Share Capital

Companies incorporated under the 2006 Act are not required to have an authorised share capital. However, the New Articles state that, unless increased by ordinary resolution, the maximum number of Ordinary Shares in the Company's capital available for issue is 350,000,000, which reflects the total number of Ordinary Shares currently available for issue by the Company when taking into account the Company's present authorised share capital.

The 2006 Act permits companies incorporated under the 2006 Act to have shares with no par value; in respect of the Company, the New Articles require shares to be issued with a par value of £0.01. However, immediately following Re-registration and the adoption of the New Articles, and pursuant to Resolution 8, it is proposed that the par value of the Ordinary Shares be redenominated from £0.01 to €0.01.

Reduction of Capital

The New Articles will permit the Company to reduce its share capital, subject to the statutory solvency test being satisfied, with the sanction of a special resolution; there will be no need for the Isle of Man High Court to sanction any reduction of capital.

The New Articles permit the directors of the Company to implement the Reclassification, subject to the statutory solvency test.

Purchase of Shares

Subject to the satisfaction of the statutory solvency test, the New Articles will permit the buy-back of shares on the same basis as the Current Articles.

Restricted Shareholders

The provisions of the Current Articles precluding Manx residents from holding shares in the capital of the Company have been deleted from the New Articles as, due to Isle of Man statutory changes, they are no longer appropriate or necessary.

Sanction to Variation

The Current Articles permit, in the event the share capital is divided into shares of different classes, the variation of the rights attached to a class of shares with the consent in writing of the holders of not less than three quarters in nominal value of the

issued shares of the class or with the sanction of an extraordinary resolution. The New Articles contain a similar provision except that the reference to approval by extraordinary resolution has been deleted, as the 2006 Act does not recognise the concept of such resolutions, and reference to a special resolution has been inserted.

Transfer of Shares

The New Articles require that share transfers are delivered to the registered agent for the time being of the Company. (The first registered agent of the Company is anticipated to be IOMA Fund and Investment Management Limited, the registered office of which is the same as that of the Company.)

Annual General Meetings

Because the 2006 Act does not require companies incorporated pursuant to its provisions to convene annual general meetings, the New Articles impose an obligation upon the Directors of the Company to convene general meetings on an annual basis.

Overseas Registers

Reference in the Current Articles to overseas registers has been deleted as the 2006 Act does not make mention of them.

The Seal

There is an obligation contained in the New Articles for the Company to have a seal; the 2006 Act does not require companies incorporated under the 2006 Act to have seals, but they may if they wish. References to an official seal for use abroad has been deleted as the 2006 Act contains no provision in this regard.

Secretary

The 2006 Act does not require the appointment of a company secretary as it requires each company subject to its provisions to appoint a registered agent which will fulfil similar duties.

Dividends

The New Articles contain provisions relating to dividends and distributions which are substantially the same in effect to those which are contained in the Company's Current Articles.

Reserves

References to income and capital reserves do not appear in the New Articles as the 2006 Act does not require the same to be maintained.

Capitalisation of Reserves

The provisions in relation to capitalisation of reserves contained in the Current Articles have been largely retained except that the capitalisation will only be permitted in terms of the New Articles to the extent that the statutory solvency test is satisfied and the amounts utilised to capitalise an issue of new shares are required to be deducted from the Company's profits as opposed to any reserve fund.

Accounts

Because the 2006 Act is not unduly prescriptive in terms of accounting, the New Articles require a printed copy of the Directors' and auditors' reports accompanied by printed copies of the annual accounts (comprising a profit and loss account and a balance sheet) to be laid before the Company in general meeting within nine months of the date of the balance sheet comprised in such accounts.

Amendment to Constitutional Documents

It should be noted that, unlike companies incorporated under the Companies Acts 1931 to 2004, the 2006 Act does not require a company subject to its provisions to amend its memorandum or articles of association by special resolution. However, following the Re-registration the New Memorandum and the New Articles may only be amended by special resolution.

Notification of interests in shares and financial instruments

Although the Company is not subject to the Disclosure Rules and Transparency Rules issued by the UK Financial Services Authority (the "DTRs"), the Current Articles do, as required by the AIM Rules for Companies, contain a provision which replicates Chapter 5 of the DTRs. Chapter 5 of the DTRs requires shareholders to notify the company if their shareholding reaches, exceeds or falls below 3% of the voting rights in that company and each 1% threshold thereafter up to 100% (so called "relevant changes"). By incorporating Chapter 5 of the DTRs in the Current Articles, the Company has been able to comply with its obligation to notify the market of "relevant changes" under the AIM Rules for Companies.

On 1 June 2009, the DTRs were amended and the scope of Chapter 5 of the DTRs was expanded such that holdings of long positions in contracts for differences or other similar financial instruments should (subject to certain exemptions) be aggregated with other share positions when determining whether a "relevant change" has occurred and requires notification. In response, the AIM Rules for Companies were also amended with effect from 1 June 2009 so as to mirror this change. This change has, therefore, required a minor amendment to the provision in the Current Articles which replicates Chapter 5 of the DTRs so as to include contracts for differences and other similar financial instruments referenced to the Company within the scope of holdings which shareholders must consider when complying with their notification obligation to the Company of "relevant changes".

Carpathian PLC

(Incorporated under the Companies Act 1931-2004 (as amended) of the Isle of Man and registered in the Isle of Man under number 113626C) (the "Company")

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2009 Annual General Meeting of the Company (the "Annual General Meeting") will be held at IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP on 21 July 2009, at 3p.m.

A. At the Annual General Meeting, the following ordinary business will be transacted:

The consideration and, if thought fit, passing of the following resolutions which will be proposed as ordinary resolutions:

1. **THAT** the audited accounts of the Company for the year ended 31 December 2008 and the reports of the Directors and the Auditors and any other document required to be annexed thereto be and they are hereby considered and adopted.
2. **THAT** Patrick Rupert Cottrell who, having agreed to retire but, being eligible, offers himself for re-election, be and he is hereby re-appointed as a Director of the Company.
3. **THAT** Rory Macnamara, having been appointed to the Board on 17 November 2008, be and he is hereby re-appointed as a Director of the Company.
4. **THAT** Timothy Graham Walker, having been appointed to the Board on 17 November 2008, be and he is hereby re-appointed as a Director of the Company.
5. **THAT** KPMG Audit LLC, Douglas, Isle of Man be and they are hereby re-appointed as Auditors to the Company and that the Directors be and they are hereby authorised to determine their remuneration.

B. In addition, the following special business will be transacted:

6. The consideration and, if thought fit, passing of the following resolution which will be proposed as a special resolution:

THAT:

- (a) the Company be re-registered as a company incorporated under the Companies Act 2006 (the "2006 Act");
- (b) the Company adopts the memorandum of association complying with s.149(2) of the 2006 Act in the form initialled by the Chairman of the meeting; and
- (c) the Company adopts the articles of association in the form initialled by the Chairman of the meeting (the "New Articles").

7. The consideration and, if thought fit, passing of the following resolution which will be proposed as a special resolution:

THAT, subject to the passing of resolution 6 set out in this Notice of Meeting and the Isle of Man Registrar of Companies issuing a certificate of re-registration in respect of the Company pursuant to s.146 of the 2006 Act, £150,000,000 of the paid up share capital of the Company (representing premium paid up on the existing issued ordinary shares of £0.01 each in the capital of the Company) be cancelled and reclassified as a distributable reserve of the Company.

8. The consideration and, if thought fit, passing of the following resolution which will be proposed as a special resolution:

THAT, subject to the passing of resolution 6 set out in this Notice of Meeting and the Isle of Man Registrar of Companies issuing a certificate of re-registration in respect of the Company pursuant to s.146 of the 2006 Act:

- (a) the par value of each ordinary share, issued and to be issued, in the capital of the Company be redenominated from £0.01 to €0.01; and
- (b) the New Articles be and are hereby amended as follows:

- (i) by deleting in the meaning of the expression "Ordinary Shares" in article 2.1 the words "of £0.01 par value" and replacing them with the words "of €0.01 par value";
- (ii) by deleting article 4 and replacing it with the following new article:

"4. **Share capital amount**

Unless the Company shall by resolution otherwise direct, the amount of share capital of the Company available for issue is €3,500,000 divided into 350,000,000 Ordinary Shares."

- (iii) by deleting in article 12.1(a) the words "being less than £3" and replacing them with the words "being less than €3"; and
- (iv) by deleting article 134.2 and replacing it with the following new article:

" 134.2 **Payment in currencies other than Euros**

The Board may, at its discretion, make provisions to enable such member as the Board shall from time to time determine to receive dividends duly declared in a currency or currencies other than Euros. For the purposes of the calculation of the amount receivable in respect of any dividend, the rate of exchange to be used to determine the foreign currency equivalent of any sum payable as a dividend shall be such market rate selected by the Board as it shall consider appropriate at the close of business in London on the date which is the business day last preceding:

- (a) in the case of a dividend to be declared by the Company in general meeting, the date on which the Board publicly announces its intention to recommend that specific dividend; and
- (b) in the case of any other dividend, the date on which the Board publicly announces its intention to pay that specific dividend, provided that where the Board considers the circumstances to be appropriate it shall determine such foreign currency equivalent by reference to such market rate or rates or the mean of such market rates prevailing at such time or times or on such other date or dates, in each case falling before the time of the relevant announcement, as the Board may select."

9. The consideration and, if thought fit, passing of the following resolution which will be proposed as an ordinary resolution:

THAT, conditional upon the passing of resolution 6 set out in this Notice of Meeting and the Isle of Man Registrar of Companies issuing a certificate of re-registration in respect of the Company pursuant to s.146 of the 2006 Act, the Directors be generally and unconditionally authorised in accordance with article 5.1 of the New Articles to exercise all the powers of the Company:

- (a) to allot Ordinary Shares of €0.01 each in the capital of the Company up to an aggregate par value of €773,827 (where Resolution 8 in this Notice of Meeting is passed); or
- (b) to allot Ordinary Shares of £0.01 each in the capital of the Company up to an aggregate par value of £773,827 (where Resolution 8 in this Notice of Meeting is not passed),

such authority to expire (unless and to the extent previously revoked, varied or renewed by the Company in general meeting) at the conclusion of the next Annual General Meeting of the Company or, if earlier, the date 15 months after the date of passing this resolution; provided that this authority shall allow the Company, before such expiry, to make an offer or enter into an agreement which would or might require Ordinary Shares to be allotted after this authority expires and the Directors may allot such Ordinary Shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

10. The consideration and, if thought fit, passing of the following resolution which will be proposed as a special resolution:

THAT, conditional upon the passing of Resolutions 6 and 9 set out in this Notice of Meeting and the Isle of Man Registrar of Companies issuing a certificate of re-registration in respect of the Company pursuant to s.146 of the 2006 Act, the provisions of article 5.2 of the New Articles requiring shares proposed to be issued for cash first to be offered to the members in proportion as nearly as may be to the number of the existing shares held by them respectively be and it is hereby disapplied in relation to:

- (a) any allotment of ordinary shares of €0.01 each in the capital of the Company pursuant to the authority in Resolution 9 set out in this Notice of Meeting, provided that this disapplication shall be limited to the allotment for cash of Ordinary Shares up to an aggregate nominal sum of €116,074 (where Resolution 8 in this Notice of Meeting is passed); or
- (b) any allotment of ordinary shares of £0.01 each in the capital of the Company pursuant to the authority in Resolution 9 set out in this Notice of Meeting, provided that this disapplication shall be limited to the allotment for cash of Ordinary Shares up to an aggregate nominal sum of £116,074 (where Resolution 8 in this Notice of Meeting is not passed),

and shall expire (unless and to the extent previously revoked, varied or renewed by special resolution) at the conclusion of the next Annual General Meeting of the Company or, if earlier, the date 15 months after the date of passing this resolution; provided that this authority shall allow the Company, before such expiry, to make an offer or enter into an agreement which would or might require ordinary shares to be allotted after this authority expires and the Directors may allot such ordinary shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

By Order of the Board
P P Scales
Company Secretary

Dated 19 June 2009

Registered office:
IOMA House
Hope Street
Douglas
Isle of Man IM1 1AP

Notes:

1. A member who is entitled to attend and vote at the above-mentioned meeting is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him or her in respect of such shares. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed which, to be valid, must be completed and delivered, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy of such authority) to the Company's Registrar, IOMA Fund and Investment Management Limited, IOMA House, Hope Street, Douglas, Isle of Man IM86 2AF so as to arrive not later than 3p.m. on 19 July 2009, being 48 hours before the time of the meeting.
3. Completion and return of a Form of Proxy does not preclude a member from attending and voting in person should they wish to do so.
4. The Company, pursuant to Regulation 22 of the Uncertificated Securities Regulations 2005 (Isle of Man), specifies that only those members registered in the register of members as at 3p.m. on 19 July 2009 (or in the event that the meeting is adjourned, on the register of members 48 hours before the time of any adjournment meeting) shall be entitled to attend or vote at the meeting in respect of the Ordinary Shares registered in their name at that time. Changes to entries on the register of members after 3p.m. on 19 July 2009 (or, in the event that the meeting is adjourned, on the register of members less than 48 hours before the time of any adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote at the meeting.
5. CREST members who wish to appoint a proxy or proxies by using the CREST electronic appointment service may do so by using the procedures described in the CREST Manual. To be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must be transmitted so as to be received by our agent, Computershare Investor Services PLC, CREST id 3RA50, by 3p.m. on 19 July 2009.