



# Notice of Annual General Meeting 2010

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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, or other financial adviser authorised under the Financial Services and Markets Act 2000.**

If you have sold or otherwise transferred all your shares in Braemar Shipping Services plc (the “**Company**”), please send this document, together with any accompanying documents, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

Notice of the annual general meeting of the Company to be held at 12 noon on 23 June 2010 in Room 2 – Blue Zone at The Cumberland Hotel, Great Cumberland Place, London W1A 4RF is set out in part 2 of this document.

Each member of the Company is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the Company. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him, or (as the case may be) to a different £10, or multiple of £10 of stock held by him.

A form of proxy for use at the annual general meeting is enclosed. To be valid, the form of proxy should be completed, signed and returned in accordance with the instructions printed on it to the Company’s registrar: Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible but in any event so as to arrive no later than 12 noon on 21 June 2010.

# Part 1

## Letter from the Chairman

Braemar Shipping Services plc  
35 Cosway Street  
London NW1 5BT

25 May 2010

Dear Shareholder,

I am pleased to be writing to you with details of the annual general meeting of Braemar Shipping Services plc (the “**Company**”) to be held at 12 noon on 23 June 2010 in Room 2 – Blue Zone at The Cumberland Hotel, Great Cumberland Place, London W1A 4RF (the “**AGM**”). The formal notice of AGM is set out in part 2 of this document (“**AGM Notice**”).

If you would like to vote on the resolutions but cannot come to the AGM, you can appoint a proxy to exercise all or any of your rights to attend, vote and speak at the AGM by using one of the methods set out in the notes to the AGM Notice.

The purpose of this letter is to explain certain elements of the business to be considered at the meeting. More detailed explanatory notes for resolutions 9, 10 and 11 are set out in part 3 of this document.

### **Resolution 1 – To receive the annual report and accounts**

The annual report and accounts of the Company for the financial year ended 28 February 2010 will be presented to the meeting. The annual report and accounts are included with this document.

### **Resolution 2 – Remuneration report**

It is a requirement of all listed companies to put their directors’ remuneration report to an advisory shareholder vote. As the vote is advisory it does not affect the actual remuneration paid to any individual director. The directors’ remuneration report is set out in full in the annual report of the Company.

### **Resolution 3 – Final dividend**

A final dividend of 16.25 pence per ordinary share for the financial year ended 28 February 2010 is recommended by the directors for payment by the Company. If shareholders of the Company approve the recommended final dividend, this will be paid on 28 July 2010 to all ordinary shareholders who were on the register of members of the Company at the close of business on 2 July 2010.

### **Resolutions 4, 5 and 6 – Re-appointment of directors**

Resolution 4 deals with the re-appointment of Alan Marsh as a director of the Company. Resolution 5 deals with the re-appointment of Quentin Soanes as a director of the Company. Resolution 6 deals with the re-appointment of Denis Petropoulos as a director of the Company. Biographies of each of these persons can be found on page 24 of the Annual Report. The board of directors of the Company (the “**Board**”) has confirmed that, following a performance review, all directors standing for re-appointment continue to perform effectively and demonstrate commitment to their role.

### **Resolutions 7 and 8 – Re-appointment of auditors**

Resolution 7 relates to the re-appointment of PricewaterhouseCoopers LLP as the Company’s auditors to hold office until the next annual general meeting of the Company. Resolution 8 authorises the directors to set their remuneration. The directors have delegated the responsibility of setting the auditors’ remuneration to the audit committee of the Board.

### **Resolution 9 – Allotment of share capital**

The Board considers it appropriate that the Company should have the maximum authority to allot ordinary shares. Accordingly, this resolution renews the grant of authority to the Board to allot ordinary shares in the capital of the Company up to a maximum nominal amount of £702,431 which (excluding ordinary shares to be issued under options granted under any share option plan of the Company) represents approximately one third of the Company’s issued ordinary share capital as at 24 May 2010 (the latest practicable date prior to publication of this letter). It is proposed that such authority expire at the conclusion of next year’s annual general meeting.

In addition the Association of British Insurers has said that it will now consider as routine a resolution to authorise the allotment of a further one-third of share capital for use in connection with a rights issue. Your Board considers it appropriate to seek this additional allotment authority at this year’s AGM in order to take advantage of the flexibility it offers. It is proposed that such authority shall expire at the conclusion of next year’s annual general meeting.

The directors have no present intention of exercising either authority.

### **Resolution 10 – Disapplication of statutory pre-emption rights**

Resolution 10 will empower the directors to allot ordinary shares in the capital of the Company for cash on a non pre-emptive basis: (a) in connection with a rights issue; and (b) (otherwise than in connection with a rights issue) up to a maximum nominal value of £105,365, representing approximately five per cent of the issued ordinary share capital of the Company as at 24 May 2010 (the latest practicable date prior to publication of this letter). It is proposed that such authority expire at the conclusion of the annual general meeting of the Company in 2011.

### **Resolution 11 – Authority to purchase own shares**

Resolution 11 gives the Company authority to buy back its own ordinary shares in the market as permitted by the Companies Act 2006. The authority limits the number of shares that could be purchased to a maximum of 2,107,292 (representing approximately 10 per cent of the Company’s issued ordinary share capital as at 24 May 2010 the latest practicable date prior to publication of this letter) and sets minimum and maximum prices. This authority will expire at the conclusion of the annual general meeting of the Company in 2011.

The directors have no present intention of exercising the authority to purchase the Company’s ordinary shares but will keep the matter under review, taking into account the financial resources of the Company, the Company’s share price and future funding opportunities. The authority will be exercised only if the directors believe that to do so would result in an increase in earnings per share and would be in the interests of shareholders generally. Any purchases of ordinary shares would be by means of market purchases through the London Stock Exchange.

Listed companies purchasing their own shares are allowed to hold them in treasury as an alternative to cancelling them. No dividends are paid on shares whilst held in treasury and no voting rights attach to treasury shares. The Company is only permitted to hold a maximum of up to 10 per cent of its issued share capital in treasury.

### **Resolution 12 – Notice of General Meetings**

It is proposed in Resolution 12 that shareholders should approve the continued ability of the Company to hold general meetings, other than the annual general meeting, on 14 clear days' notice.

This resolution is required under section 307A of the Companies Act 2006. Under that section, a traded company which wishes to be able to call general meetings (other than an annual general meeting) on 14 clear days' notice must obtain shareholders' approval. Resolution 12 seeks such approval.

The resolution is valid up to the next annual general meeting and so will need to be renewed annually. The Company will also need to meet the requirements for voting by electronic means under section 307A before it can call a general meeting on 14 days' notice.

### **Resolution 13 – Company Share Option Plan**

The Braemar Seascope Group 1997 Executive Share Option Scheme expired in 2007 with the result that no further options may be granted under that scheme. On 5 March 2010, the Board adopted a new share option scheme to be known as the Braemar Shipping Services plc 2010 Company Share Option Plan ("**CSOP**") to be used primarily in conjunction with the Company's existing Deferred Bonus Plan (the "**DBP**"). HM Revenue & Customs approved the CSOP on 16 April 2010.

The CSOP did not require the approval of shareholders as it only permitted the grant of DBP-linked options and only permitted those options to be satisfied using existing shares.

Under Resolution 13, it is proposed that shareholders approve a revised version of the CSOP to enable the grant of standalone options (i.e. options which are not linked to the DBP) and to enable all options granted under the CSOP to be satisfied by either the issue of new ordinary shares, the transfer of treasury shares or the transfer of existing shares. The CSOP (in its revised form) includes a limit on the maximum number of new ordinary shares and treasury shares which may be subject to options granted under the CSOP.

The CSOP is a share option plan under which employees and directors of the group who satisfy certain conditions are eligible to participate, at the discretion of the Board's remuneration committee (the "**Committee**"). The CSOP provides for the grant of options to acquire ordinary shares at a price per ordinary share equal to at least the market value of an ordinary share on the date of grant of the option.

The CSOP provides for "Options" and "Non-Performance Options" to be granted.

Non-Performance Options are not to be subject to performance conditions. It is intended that Non-Performance Options will be granted to employees at the same time as awards are made to employees under the DBP. Each eligible employee granted a Non-Performance Option will hold a corresponding award under the DBP. To the extent that the individual concerned receives value under the CSOP, the value of his DBP award will be reduced correspondingly.

Other Options will be granted subject to performance conditions designed to measure the performance of the Company, the participant and/or a business unit of which the participant is a part. The CSOP has a schedule allowing for the grant of unapproved options, i.e. options in excess of the £30,000 individual limit for HMRC-approved Options. In normal circumstances, such unapproved Options will not be granted to an individual in the same financial year as that individual receives an award under the Company's Long-Term Incentive Plan. The Committee is not currently intending to grant any Options (other than Non-Performance Options) under the CSOP.

A summary of the main provisions of the revised version of the CSOP is set out in the Appendix to this letter.

### **Recommendation**

The Board considers the resolutions will promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The directors of the Company unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings which amount in aggregate to 3,084,190 shares representing approximately 14.6 per cent of the existing issued ordinary share capital of the Company.

Yours sincerely,

### **Sir Graham Hearne**

Chairman  
Braemar Shipping Services plc

## Part 2

# Notice of Annual General Meeting Braemar Shipping Services plc

Notice is given that the annual general meeting of Braemar Shipping Services plc (the “**Company**”) will be held in Room 2 – Blue Zone at The Cumberland Hotel, Great Cumberland Place, London W1A 4RF on 23 June 2010 at 12 noon to transact the business referred to in this notice. Resolutions 1–9 (inclusive) will be proposed as ordinary resolutions. Resolutions 10–13 (inclusive) will be proposed as special resolutions:

1. To receive the report of the directors, the accounts and the auditors’ report on the accounts and on the auditable part of the directors’ remuneration report, for the financial year ended 28 February 2010.
2. To receive and approve the directors’ remuneration report for the financial year ended 28 February 2010.
3. To declare a final dividend for the financial year ended 28 February 2010 of 16.25 pence per ordinary share.
4. To re-elect Alan Marsh as a director of the Company.
5. To re-elect Quentin Soanes as a director of the Company.
6. To re-elect Denis Petropoulos as a director of the Company.
7. To re-appoint PricewaterhouseCoopers LLP as auditors to the Company to hold office from the conclusion of the meeting to the conclusion at the next meeting at which accounts are laid before the Company.
8. To authorise the directors of the Company to determine the remuneration of PricewaterhouseCoopers LLP as auditors of the Company.
9. To generally and unconditionally authorise the directors in accordance with section 551 of the Companies Act 2006 (the “**2006 Act**”) in substitution for all existing authorities:
  - (a) to exercise all the powers of the Company to allot shares and to make offers or agreements to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (together “**Relevant Securities**”) up to an aggregate nominal amount of £702,431; and

- (b) to exercise all the powers of the Company to allot equity securities (as defined in section 560(1) of the 2006 Act) up to an additional aggregate nominal amount of £702,431 provided that this authority may only be used in connection with a rights issue in favour of holders of ordinary shares and other persons entitled to participate therein where the equity securities respectively attributable to the interests of all those persons at such record date as the directors may determine are proportionate (as nearly as may be) to the respective numbers of equity securities held by them or are otherwise allotted in accordance with the rights attaching to such equity securities subject to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatsoever,

provided that the authorities in sub-paragraphs (a) and (b) shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or if earlier on the date which is 15 months after the date of the annual general meeting, except that the Company may 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 any such offer or agreement as if the authority conferred by this resolution had not expired.

10. Subject to the passing of resolution number 9, to empower the directors, in accordance with section 570 of the 2006 Act, to allot equity securities (as defined in section 560(1) of the 2006 Act) for cash pursuant to the authority conferred by resolution number 9 or by way of a sale of treasury shares as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

- (a) in connection with a rights issue or other pro rata offer (but, in the case of the authority granted conferred by sub-paragraph (b), by way of a rights issue only) in favour of holders of ordinary shares and other persons entitled to participate therein where the equity securities respectively attributable to the interests of all those persons at such record date as the directors may determine are proportionate (as nearly as may be) to the respective numbers of equity securities held or deemed to be held by them or are otherwise allotted in accordance with the rights attaching to such equity securities subject in each case to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatsoever; and

- (b) otherwise than pursuant to sub-paragraph (a) above, up to an aggregate of £105,365,

and shall expire upon the expiry of the general authority conferred by resolution number 9 above, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred by this resolution had not expired.

11. To generally and unconditionally authorise the Company, in accordance with section 701 of the 2006 Act, to make market purchases (within the meaning of section 693(4) of the 2006 Act) of ordinary shares of 10p each in the capital of the Company ("**Ordinary Shares**") on such terms and in such manner as the directors may from time to time determine provided that:

- (a) the maximum number of Ordinary Shares authorised to be purchased is 2,107,292;
- (b) the minimum price which may be paid for an Ordinary Share is 10p (exclusive of expenses payable by the Company);
- (c) the maximum price which may be paid for an Ordinary Share (exclusive of expenses payable by the Company) cannot be more than the higher of:
- (i) 105 per cent of the average middle market price of the Ordinary Share as derived from the Daily Official List of the London Stock Exchange for the five business days prior to the day on which the Ordinary Share is purchased; and
- (ii) the value of an Ordinary Share calculated on the basis of the higher of:
- (aa) the last independent trade of; or
- (bb) the highest current independent bid for,

any number of Ordinary Shares on the trading venue where the purchase is carried out; and

- (d) the authority conferred shall expire at the conclusion of the next annual general meeting of the Company except that the Company may, before such expiry, make a contract to purchase its own shares which will or may be completed or executed wholly or partly after such expiry.

12. To call a general meeting, other than an annual general meeting, on not less than 14 clear days' notice.

13. That the revised Braemar Shipping Services plc 2010 Company Share Option Plan ("**CSOP**"), a summary of the principal provisions of which is set out the Appendix to the letter from the Chairman of the Company dated 25 May 2010 enclosed with this notice, be and is hereby approved and that the directors of the Company be and are hereby authorised to:

- (a) do all acts and things necessary or desirable to carry the CSOP into effect;
- (b) in their absolute discretion, to amend, waive or replace such of the rules of the CSOP or introduce such new rules as may be necessary for the CSOP to maintain the approval of HM Revenue and Customs under Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003;
- (c) establish further schemes based on the CSOP but modified to take account of local tax, exchange control or securities laws in overseas territories ("**Overseas Schemes**"). Any shares made available under such Overseas Schemes will be treated as counting against the limit on overall participation in the CSOP; and
- (d) do all other acts and things necessary or desirable to establish and carry into effect any Overseas Schemes.

By order of the Board

**Laura Bugden**  
Company Secretary

Registered office  
35 Cosway Street  
London NW1 5BT  
25 May 2010

## Part 2

continued

### Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the meeting. A member can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.
2. A proxy could be the Chairman, another director of the Company or another person who has agreed to attend to represent you. A proxy need not be a shareholder of the Company. A proxy will vote as you instruct and must attend the meeting for your vote to be counted. Details of how to appoint the Chairman or another person as your proxy using the proxy form are set out in the notes to the proxy form. Appointing a proxy does not preclude you from attending the meeting and voting in person. If you attend the meeting in person, your proxy appointment will automatically be terminated.
3. An appointment of proxy is provided with this notice and instructions for use are shown on the form. In order to be valid, a completed appointment of proxy must be returned to the Company by one of the following methods:
  - (a) in hard copy form by post, by courier or by hand to the Company's Registrar at the address shown on the form of proxy; or
  - (b) in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below;and in each case must be received by the Company not later than 21 June 2010 at 12 noon.

Please note that any electronic communication sent to our registrars in respect of the appointment of a proxy that is found to contain a computer virus will not be accepted.
4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of rights of shareholders in relation to the appointment of proxies under paragraphs 1, 2 and 3 above do not apply to Nominated Persons. The rights described in those paragraphs only apply to shareholders of the Company.
5. To change your proxy instructions you may return a new proxy appointment using the methods set out above. 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 Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others.
6.
  - (a) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
  - (b) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA 10) by 21 June 2010 at 12 noon. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
  - (c) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
  - (d) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
7. The Company specifies, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, that only those shareholders registered in the register of members of the Company as at 6 p.m. on 21 June 2010 (or, if the meeting is adjourned, at 6 p.m. on the date which is two days prior to the adjourned meeting) shall be entitled to attend or vote at the meeting or adjourned meeting in respect of the number of shares registered in their respective names at that time. Changes to entries on the register after that time will be disregarded in determining the rights of any person to attend or vote at the meeting or adjourned meeting.
8. As at 24 May 2010 (being the last business day before the publication of this notice), the Company's issued share capital consists of 21,072,924 ordinary shares carrying one vote each. Therefore the total voting rights in the Company are 21,072,924.
9. Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to (a) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the meeting; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last Annual General Meeting, that the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website).
10. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if:
  - (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
  - (b) the answer has already been given on a website in the form of an answer to a question; or
  - (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
11. A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found at [www.braemarplc.co.uk](http://www.braemarplc.co.uk).
12. The following documents are available for inspection at the registered office of the Company during normal business hours on each weekday (public holidays excluded) and at the place of the annual general meeting for 15 minutes prior to and during the meeting:
  - (a) copies of executive directors' service contracts;
  - (b) copies of letters of appointment of the non-executive directors;
  - (c) copies of the Company's existing memorandum and articles of association; and
  - (d) a copy of the rules of the Braemar Shipping Services plc 2010 Company Share Option Plan.

## Part 3

### Explanatory notes to resolutions 9, 10 and 11

#### **Resolution 9 – Authority to allot shares**

Under the Companies Act 2006, the directors of a company may only allot shares if authorised to do so by the shareholders in general meeting. Resolution 9(a) renews and extends the directors' existing authority by authorising the directors to allot shares up to an aggregate nominal amount of £702,431 before the conclusion of next year's annual general meeting. This represents approximately 7,024,308 ordinary shares of 10 pence each and is equivalent to approximately one-third of the Company's current issued ordinary share capital excluding ordinary shares issued under options granted under any share option plan of the Company.

As mentioned in the Chairman's letter, the Association of British Insurers has issued guidance stating that it will consider as routine a resolution to authorise the directors to allot a further one-third of issued share capital for use in connection with a rights issue. Resolution 9(b) will give directors authority to allot shares up to a further aggregate nominal amount of £702,431 before the conclusion of next year's annual general meeting. This represents approximately 7,024,308 ordinary shares of 10 pence each and is equivalent to approximately one third of the Company's current issued ordinary share capital excluding ordinary shares issued under options granted under any share option plan of the Company.

Except in relation to the issue of ordinary shares arising from the exercise of options under the Company's employee share option schemes, the directors have no present intention of issuing any of the authorised but unissued ordinary shares of the Company.

#### **Resolution 10 – Limited authority to allot shares for cash**

The directors may only allot shares for cash to persons who are not already shareholders in the Company if authorised to do so by the shareholders in general meeting.

This resolution renews the power for the directors to allot shares for cash without first offering them to existing members up to an aggregate nominal amount of £105,365. This sum represents 1,053,646 ordinary shares of 10 pence each, being equivalent to approximately five per cent of the current issued share capital. The directors will use such authority in the circumstances where it is in the best interest of the Company to issue small amounts of shares for cash other than to existing shareholders.

The resolution also enables the directors to modify the strict requirements for a rights issue in circumstances where they consider it necessary or expedient.

The authority will expire at the conclusion of next year's annual general meeting.

#### **Resolution 11 – Purchase of the Company's own shares**

This resolution renews and extends authority from shareholders for the Company to purchase up to 2,107,292 ordinary shares, an aggregate nominal amount of £210,729, which is equivalent to approximately 10 per cent of the Company's issued ordinary share capital. The authority will expire at the end of next year's annual general meeting and the resolution specifies the maximum and minimum prices at which the shares may be bought. Other investment opportunities, appropriate gearing levels and the overall financial position of the Company will be taken into account before deciding upon this course of action. Any shares purchased in this way will be held by the Company in treasury and may then be sold for cash, transferred to an employee share scheme or cancelled. The directors have no immediate intention of exercising the proposed authority when it becomes effective, but believe that the ability of the Company to buy its own shares when, in the opinion of the directors, market prices do not reflect the Company's worth, will be in the best interests of the Company and its shareholders. The directors intend to exercise this power only when they believe the effect of such purchases will increase earnings per ordinary share.

## Part 4

# Appendix: Braemar Shipping Services plc (the "Company") 2010 Company Share Option Plan

The principal terms of the revised version of the CSOP may be summarised as follows:

### Administration

The CSOP will be administered by the Company's Remuneration Committee (the "Committee").

### Eligibility

All employees of any company within the Braemar Shipping Services plc Group (the "Group"), and all directors of the Group who are required to devote not less than 25 hours per week to their duties in the Group (excluding meal breaks), are eligible to participate in the CSOP.

### Form of entitlements

Under the terms of the CSOP, share options ("Options") may be granted to eligible employees ("Participants") in the absolute discretion of the Committee.

Options will entitle the Participant to acquire Ordinary Shares in the Company on payment of the option price. The option price per Ordinary Share will be determined by the Committee at the time of grant of each Option but must be no less than the higher of (i) the market value of an Ordinary Share on the date of grant, being the average of the middle market quotations of such a share for the three dealing days immediately preceding the date of grant and (ii) if the Option is capable of being satisfied by the issue of new Ordinary Shares, the nominal value of a Share.

### Grant of Options

The CSOP provides for Options and Non-Performance Options to be granted.

Non-Performance Options will be granted to eligible employees who hold a corresponding award under the Company's Deferred Bonus Plan ("DBP") and will be granted at the same time as awards are made to employees under the DBP. The Non-Performance Options will be distinct from the awards under the DBP and will operate without reference to the awards made under the DBP. The value payable pursuant to the DBP award will reduce if the corresponding Non-Performance Option is exercised.

Exercise of Non-Performance Options will not be subject to the satisfaction of performance conditions. On the grant of an Option other than a Non-Performance Option, the Committee will make its exercise dependent on the satisfaction of an objective condition designed to measure the performance of the Company, the Participant and/or a business unit of which the Participant is a part.

No payment will be required for the grant of an Option. Options are not transferable (other than on the death of the Participant).

When granting an Option the Committee may commit the Company to satisfying the Option either by the allotment and issue of new Ordinary Shares, by the transfer of treasury shares or by procuring a transfer of Ordinary Shares which are already in issue.

### Timing of grant

Options (other than Non-Performance Options) may normally only be granted following approval of the CSOP by ordinary resolution of the shareholders in general meeting and within the period of 42 days following the date of the announcement of the Company's annual or half-yearly results. Options will normally only be granted outside of these periods if the Committee, in its absolute discretion, considers the circumstances sufficiently exceptional to justify the grant of Options at that time.

As Non-Performance Options will only be granted to Participants in conjunction with the grant of awards to such Participants under the DBP, to ensure that Non-Performance Options may be granted to Participants at the same time as awards are granted under the DBP, Non-Performance Options may be granted at any time.

### Overall limit

No Option may be granted under the CSOP if it would cause the aggregate number of Ordinary Shares that are capable of being issued (or transferred out of treasury) pursuant to Options granted under the CSOP, when aggregated with the number of Ordinary Shares issued or issuable (or transferred or transferable out of treasury) pursuant to rights to subscribe for Ordinary Shares granted during the preceding ten years under the CSOP or any other employee share scheme established by any company in the Group, to exceed 10 per cent, of the Company's issued ordinary share capital at the proposed date of grant.

Ordinary Shares subject to the rights described above granted under the CSOP or any other employee share scheme established by any company in the Group that have lapsed or been surrendered are excluded when calculating the overall limit. Options which may only be satisfied by a transfer of existing Ordinary Shares are not subject to, and do not count towards, the percentage limit stated above.

### Individual limits

An individual's overall participation under the CSOP will be limited so that the aggregate market value (calculated at the date of grant of the Option) of the Ordinary Shares comprised in subsisting options granted to him under all HMRC approved schemes (except savings related schemes) cannot exceed £30,000.

### Exercise and lapse of Options

Options (other than Non-Performance Options) will normally be exercisable between three and ten years from the date of grant of the Option, and only then if the performance conditions which apply to them (if any) have been satisfied, at the end of which period they will lapse.

Non-Performance Options will normally be exercisable on the third anniversary of the date of grant and for two days thereafter, at the end of which period they will lapse.

### Cessation of employment

If a Participant leaves employment with the Group prior to the exercise of all or part of his Option as a result of injury or disability, redundancy, retirement or the sale of the Participant's employing company out of the Group or the undertaking in which he is employed being transferred out of the Group, then he may exercise any subsisting Option within the period of six months from the date of cessation. If the subsisting Option is subject to a performance condition, the Option will normally be exercisable to the extent that the performance condition has been satisfied, but will be pro-rated on the basis of actual service within the three year holding period (although the Committee may permit the Option to be exercised to a greater extent).

If a Participant leaves employment with the Group for any other reason prior to the exercise of all or any part of his Option, any subsisting Option held by the Participant will cease to be exercisable immediately on cessation (or, if notice to terminate is given or received, on the date of such notice) and shall lapse 60 days after the cessation (or 60 days after the date on which notice is given if later) unless within such period the Committee notifies the Participant in writing that his Option shall be exercisable for a period specified in such notice (but expiring no later than six months after the date of cessation). If any subsisting Option becomes exercisable, it will only be exercisable to the extent that any performance condition applying to it has been satisfied and will be pro-rated on the basis of actual service within the three year holding period.

If a Participant dies, his outstanding Options shall be exercisable by his personal representatives within the period of 12 months following the date of his death.

### Change of control

In the event of a takeover, a scheme of arrangement (other than a scheme or arrangement for the purposes of creating a new holding company) or voluntary winding-up of the Company, early exercise of Options is permitted. The performance conditions applying to the Options (if any) will be measured at the date of the change of control and the Options will become exercisable to the extent that the performance conditions have been satisfied, but will be pro-rated on the basis of actual service within the three year holding period.

In the event of a takeover or scheme of arrangement, Participants may be given the opportunity to exchange their Options for equivalent options over shares in the acquiring company.

### Rights attaching to Ordinary Shares

Ordinary Shares issued or transferred on the exercise of an Option will be identical to and rank equally with all other Ordinary Shares for the time being in issue (except for rights attaching to such shares by reference to a record date prior to the date on which the Ordinary Shares were issued or transferred).

### Variation of capital

In the event of certain variations of share capital, the Committee may, subject to the prior approval of HMRC, make such adjustments as it considers appropriate, fair and reasonable to the option price of and the number of Ordinary Shares comprised in existing Options and the description of such Ordinary Shares. The option price of an Ordinary Share shall not be varied so as to be less than its nominal value in the case of an Option which is capable of being satisfied by the allotment and issue of Ordinary Shares.

### Alterations to the CSOP

The Committee may amend the CSOP at any time to maintain HMRC approval to the CSOP. Subject as set out below, the rules of the CSOP may at any time be altered by the Committee subject to the prior approval of HMRC if the amendment is to a key feature of the CSOP.

Any alteration or addition which would materially disadvantage a Participant must either be approved by the Participant in writing or approved in advance by a resolution of not less than seventy five per cent of disadvantaged Participants.

Amendments to certain important rules (including those relating to (a) the overall limit on the number of Ordinary Shares subject to the CSOP, (b) the individual limit on participation in the CSOP and eligibility to participate in the CSOP, (c) the basis for determining an individual's entitlement to, and the terms of, Ordinary Shares and (d) adjustments to be made in the event of a variation of share capital) to the advantage of Participants may only be made with the sanction of the shareholders of the Company in general meeting.

The requirement to obtain the approval of shareholders will not apply to minor amendments to benefit the administration of the CSOP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants, future Participants or any company in the Group.

### Termination

The CSOP will terminate ten years after the date of adoption of the CSOP by the Board or earlier if the Committee so determines.

### Non-HMRC approved options

A schedule to the CSOP will permit the grant of options which do not attract favourable tax treatment. The rules of the CSOP, as described above, will apply to options granted under the schedule subject to a number of modifications set out in the schedule (such modifications relating only to provisions required for HMRC approval for the CSOP).

No option may normally be granted to an individual under the schedule to the CSOP if the total market value (as at the proposed date of grant) of the Ordinary Shares subject to that option, when added to the total market value (as at the relevant dates of grant) of the Ordinary Shares comprised in all other rights granted to the individual under the CSOP (including the schedule to the CSOP) or any other Group employee share scheme in the same financial year would exceed 100 per cent of the individual's annual basis salary at the date of grant. This limit may be exceeded if the Committee, in its absolute discretion, considers the circumstances sufficiently exceptional to justify the grant of an option in excess of that limit.

### Pensionable benefits

Benefits provided under the CSOP will not be pensionable.