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If you have sold or otherwise transferred all of your Existing 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 or otherwise transferred only part of your holding of Existing Ordinary Shares, you should retain this document and the accompanying Form of Proxy and immediately contact your stockbroker, bank or other agent through whom the sale or transfer was effected.

The Directors (whose names and functions appear on page 7 of this document) and the Company (whose registered office appears on page 7 of this document) 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.

This document should be read as a whole. Your attention is drawn in particular to the letter from the Chairman of the Company which is set out in Part I of this document and, in particular, to paragraph 7 which contains the unanimous recommendation from the Directors that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

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 or filed with the FCA, London Stock Exchange or any other competent authority.

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 UK 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.

This document comprises a circular and notice of general meeting of the Company. The Existing Ordinary Shares are admitted to trading on AIM and application will be made in accordance with the AIM Rules for the Consolidated Ordinary Shares to be admitted to trading on AIM upon completion of the Share Consolidation referred to in this document. It is expected that Admission will become effective and that dealings in the Consolidated Ordinary Shares will commence at 8.00 a.m. on 3 March 2020.

MIDATECH PHARMA PLC

(Incorporated and registered in England and Wales with registered no. 09216368)

Proposed Share Consolidation

and

Proposed authority to allot Ordinary Shares and to disapply associated pre-emption rights

and

Notice of General Meeting

Panmure Gordon (UK) Limited ("Panmure Gordon"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as nominated adviser and broker to the Company in connection with the Share Consolidation and the proposed admission of the Consolidated Ordinary Shares to trading on AIM. Panmure Gordon's responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the 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. Panmure Gordon is not acting for anyone else and will not be responsible to anyone other than the Company for providing the protections afforded to their clients or for providing advice in relation to the contents of this document or the admission of the Consolidated Ordinary Shares to trading on AIM. No representation or warranty, express or implied, is made by Panmure Gordon as to the contents of this document, without limiting the statutory rights of any person to whom this document is issued. Panmure Gordon will not be offering advice, nor will they otherwise be responsible for providing customer protections to recipients of this document or for advising them on the contents of this document or any other matter. The information contained in this document is not intended to inform or be relied upon by any subsequent purchasers of ordinary shares in the capital of the Company (whether on or off exchange) and accordingly no duty of care is accepted in relation to them.

A notice convening a general meeting of the Company to be held at the offices of Brown Rudnick, 8 Clifford Street, London W1S 2LQ at 2:30 p.m. on 2 March 2020 is set out at the end of this document. Shareholders who hold their shares in certificated form will find enclosed with this document a Form of Proxy. Whether or not they intend to be present at the General Meeting, such Shareholders are requested to complete the Form of Proxy in accordance with the instructions printed on it and return it as soon as possible and in any case so as to be received by Neville Registrars Limited (by post or by hand) as soon possible and, in any event, no later than 2:30 p.m. on 27 February 2020 (or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any part of a day that is not a working day)). The completion and return of a Form of Proxy will not prevent such Shareholders from attending the General Meeting and voting in person if they wish to do so.

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.

An electronic version of this document may also be downloaded from the Company's website at www.midatechpharma.com.

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 known and unknown risks, uncertainties and other factors beyond the Group's control 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 cause the actual results, performance or achievements of the Company to differ materially from future results, performance or achievements expressed or implied by such statements. 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 come 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.

Basis on which information is presented

Various figures and percentages in tables in this document, including financial information, have been rounded and accordingly may not total. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data.

In the document, references to "pounds sterling", "£", "pence" and "p" are to the lawful currency of the United Kingdom.

Third party information

Where third party information has been used in this document, the source of such information has been identified. The Company takes responsibility for compiling and extracting, but has not independently verified, market data provided by third parties or industry or general publications and takes no further responsibility for such data.

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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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document and Forms of Proxy	12 February 2020
Latest time and date for receipt of Forms of Proxy	2:30 p.m. 27 February 2020
General Meeting	2:30 p.m. 2 March 2020
Consolidation Record Date	6:00 p.m. 2 March 2020
Share Consolidation effective	8:00 a.m. 3 March 2020
Admission effective	8:00 a.m. 3 March 2020
CREST accounts expected to be credited	8.00 a.m. 3 March 2020
Dispatch of definitive share certificate (where applicable)	week commencing 9 March 2020
Current ISIN	GB00BRTL9B63
New ISIN	GB00BKT14T00

Each of the above dates and times are subject to change at the absolute discretion of the Company. In the event of the adjustment of any of the above dates or times, details of the new dates and times will be notified via an RNS announcement and, where appropriate, to Shareholders.

Unless otherwise stated, all references to time in this document and in the expected timetable are to the time in London, United Kingdom. Unless stated otherwise, all future times and dates referred to in this document are subject to change at the discretion of the Company.

DEFINITIONS

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

"Admission"	admission of the Consolidated Ordinary Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules.
"A&B"	A&B (HK) Company Ltd, a company existing under the laws of Hong Kong, having its registered address at Unit 2016, 21/F Island Place Tower No. 510 King's Road, North Point, Hong Kong.
"ADSs"	American Depositary Shares.
"AIM"	the market of that name operated by the London Stock Exchange.
"AIM Rules"	the AIM Rules for Companies published by the London Stock Exchange from time to time.
"Articles"	the articles of association of the Company.
"Board"	the board of directors of the Company from time to time.
"Business Day"	means a day (excluding Saturdays and Sundays) on which banks are generally open for normal banking business.
"CA 2006"	the Companies Act 2006 (as amended).
"Company" or "Midatech"	Midatech Pharma plc, incorporated and registered in England and Wales with registration number 09216368, whose registered office is at Oddfellows House, 19 Newport Road, Cardiff, CF24 0AA.
"Consolidated Ordinary Shares"	the consolidated ordinary shares of 0.1 pence each in the capital of the Company arising on completion of the Share Consolidation.
"Consolidation Record Date "	6:00 p.m. on 2 March 2020 (or such other time and date as the Directors may determine).
"CMS"	China Medical System Holdings Limited, a company existing under the laws of the Cayman Islands and listed on the Hong Kong stock exchange (Code: 00867).
"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).
"Directors" or "Board"	the directors of the Company as at the date of this document whose names are set out on page 7 of this document, or any duly authorised committee thereof.
"document"	this document which comprises a circular to Shareholders prepared in accordance with the AIM Rules.

"Existing Ordinary Shares"	the 469,899,613 Ordinary Shares in issue at the date of this document, all of which are admitted to trading on AIM.
"Existing Warrants"	the unlisted 313,846,440 warrants over Ordinary Shares issued to certain Shareholders pursuant to the terms of the Warrant Instrument exercisable at a price of 50 pence per warrant, the unlisted 63,000,000 warrants over Ordinary Shares issued to certain Shareholders pursuant to the terms of the Warrant Deed exercisable at a price of US\$1.25 per ADS (equivalent to 4.8 pence per Ordinary Share) and the unlisted 92,480 warrants with a weighted average exercise price of \$5.62 ¹ per share assumed pursuant to the acquisition of DARA BioSciences, Inc. in 2015.
"FCA"	the UK Financial Conduct Authority.
"Form of Proxy"	the form of proxy accompanying this document for use by Shareholders in connection with the General Meeting.
"FSMA"	the Financial Services and markets Act 2000 (as amended).
"General Meeting"	the general meeting of the Company to be held at the offices of Brown Rudnick, 8 Clifford Street, London, W1S 2LQ, at 2:30 p.m. on 2 March 2020, notice of which is set out at the end of this document.
"Group"	the Company and its subsidiaries.
"London Stock Exchange"	London Stock Exchange plc.
"Notice of General Meeting"	the notice convening the General Meeting which is set out at the end of this document.
"Options"	The 4,863,050 options pursuant to the Midatech Pharma PLC Enterprise Management Incentive Plan, the 1,342,672 non-EMI options, the 505,000 options pursuant to the Midatech Pharma PLC 2016 US Option Plan and the 123,790 options assumed pursuant to the acquisition of DARA BioSciences, Inc. in 2015.
"Ordinary Shares"	ordinary shares in the capital of the Company having a nominal value of 0.005 pence each prior to the Share Consolidation becoming effective and having a nominal value of 0.1 pence each upon the Share Consolidation becoming effective.
"Panmure Gordon"	Panmure Gordon (UK) Limited, the Company's nominated adviser and broker.
"Registered Direct Offering"	the October 2019 registered direct offering of 3,000,000 of the Company's ADSs (representing 60,000,000 Ordinary Shares) to an institutional investor in the US.
"Resolutions"	the resolutions to be proposed at the General Meeting as set out in the Notice of General Meeting at the end of this document.

¹ Exchange rate as at 11 February 2020 of \$1.29 to £1.00.

"Share Consolidation"	the proposed consolidation of the ordinary share capital of the Company pursuant to which every 20 Existing Ordinary Shares will be consolidated into one Consolidated Ordinary Share pursuant to the Resolution in respect of the Share Consolidation.
"Shareholders"	holders of Ordinary Shares.
"UK"	the United Kingdom of Great Britain and Northern Ireland.
"uncertificated" or "in uncertificated form"	an Ordinary Share recorded on a company's share register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST.
"United States" or "US"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.
"Warrant Deed"	the warrant instrument of the Company dated 25 October 2019 pursuant to which certain Existing Warrants were issued in connection with a private placement transaction in the United States.
"Warrant Instrument"	the deed poll instrument of the Company dated 29 January 2019 pursuant to which certain Existing Warrants were issued in connection with the subscription, placing and open offer that completed in February 2019.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Rolf Stahel, <i>(Non-Executive Chairman)</i> Craig Cook, <i>(Chief Executive Officer)</i> Stephen Stamp, <i>(Chief Financial Officer)</i> Frederic Duchesne, <i>(Non-Executive Director)</i> Huaizheng Peng, <i>(Non-Executive Director)</i> Simon Turton, <i>(Non-Executive Director)</i> Sijmen de Vries, <i>(Non-Executive Director)</i>
Company secretary	Stephen Stamp
Registered Office	Oddfellows House 19 Newport Road Cardiff CF24 0AA
Company website	http://www.midatechpharma.com
Nominated Adviser and Broker	Panmure Gordon (UK) Limited One New Change London EC4M 9AF
Registrars	Neville Registrars Limited Neville House Steelpark Road Halesowen West Midlands B62 8HD

LETTER FROM THE CHAIRMAN

MIDATECH PHARMA PLC

(Registered in England and Wales with company number 09216368)

Directors:

Rolf Stahel
Craig Cook
Stephen Stamp
Frederic Duchesne
Sijmen de Vries
Huaizheng Peng
Simon Turton

Oddfellows House
19 Newport Road
Cardiff
CF24 0AA

12 February 2020

Dear Shareholder,

**Proposed Share Consolidation
and
Proposed authority to allot Ordinary Shares and to disapply associated pre-emption rights
and
Notice of General Meeting**

1. Introduction and Summary

I am writing to provide you with, and seek your approval for, proposals (i) for a consolidation of the Company's share capital; (ii) an increase the Company's authority to allot shares and warrants; and (iii) the disapplication of associated pre-emption rights (the "**Proposals**"). The main purpose of these Proposals is to provide the Company with flexibility to raise additional capital to support its lead development programmes and create value for stakeholders.

The purpose of this document is to provide you with information about the background to and the reasons for the Proposals, to explain why the Board considers the Proposals to be in the best interests of the Company and its Shareholders as a whole and why the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this document.

2. Background to and reasons for the Proposals

Our Company has achieved a number of important milestones in 2019 and early 2020 including:

- a subscription, placing and open offer in February 2019, raising £12.4 million, net of expenses;
- receipt of loans from Guazatu and Reindus totalling €8.1 million (£6.83 million)² to apply towards the commercial scale-up of our manufacturing facility in Bilbao, Spain;
- a Registered Direct Offering, our first capital markets transaction in the US, raising approximately \$2.5 million (£2.0 million), net of expenses;
- results of a Phase I study in healthy volunteers which demonstrated (i) similar bioavailability and pharmacokinetics of subcutaneous compared with intramuscular administration of MTD201, and (ii) sustained over a period of 8 weeks; both key differentiators for the product;
- clarity on the development path of our lead programme, MTD201 as a differentiated product in the \$2.5 billion long-acting octreotide market;

² Exchange rate as at 11 February 2020 of €1.186 to £1.00.

- MTX110 Orphan designation for DIPG;
- receipt of a €2.6 million (£2.19 million)³ GliokIDS grant from the EU to support a Phase II proof of concept trial of MTX110 in DIPG; and
- our first substantive licensing agreement with CMS for the Company's products in Greater China.

Our Company's priority is to progress its two lead development programmes, MTD201 and MTX110 through the clinical phase of development and on to new drug application submissions. The Company expects to report the results of a safety and tolerability study of MTX110 later this year.

Our Company is working on plans for a pivotal clinical trial of MTD201 in acromegaly, patients which subject to regulatory approval, is expected to begin recruiting in second half of 2020. In addition, assuming the results of the ongoing study of MTX110 are positive, the Company plans to roll that study into a Phase II safety and efficacy study later this year. In addition, the Company is evaluating further exploratory activities as part of future MTX110 development.

The Company's plans for scale-up of MTD201 manufacturing are progressing and include the lease of a dedicated facility for manufacture of bulk product in Bilbao. The Company has identified a contract manufacturing organisation for fill and finish of MTD201.

Including the net proceeds of the recent Registered Direct Offering in the US, the Board believes the Company has sufficient working capital until the fourth quarter of 2020, assuming clinical programmes as described above and manufacturing scale-up remain on-track.

In line with our business model of developing assets and seeking partners at key inflexion points, the executive management continue their efforts to license MTD201 to a partner who could underwrite development costs and ultimately, market the product. Discussions with potential partners have progressed but such transactions cannot be guaranteed and, as of today, no licenses have been signed and your Board believes it imprudent to rely on milestones and reimbursed expenses from potential licensees when estimating working capital requirements.

Accordingly, your Board continues to examine ways of efficient and effective ways of raising capital for the Company so the Company can deliver its MTD201 and MTX110 programmes without continued risk relating to the near term funding of the business and create value for all our stakeholders.

The Proposals are designed to facilitate the raising of additional capital with as much flexibility as possible.

A. The Share Consolidation

Immediately prior to the date of this document, the Company has 469,899,613 Existing Ordinary Shares of 0.005 pence each in issue, with a closing mid-market price of 2.90 pence per Existing Ordinary Share (as at 11 February 2020, being the latest practicable Business Day prior to the announcement of the date of this document). In the event of a successful equity fund raise, the number of Ordinary Shares in issue could expand significantly further, possibly to over 1,000 million Ordinary Shares, depending on how many Existing Warrants and new warrants are exercised. Furthermore, the Company incurs certain costs based on the number of ADSs in issue and these could be reduced if the number of underlying Ordinary Shares and thus the ADSs were reduced through consolidation. The Board also believes that the Share Consolidation could improve the marketability of the Ordinary Shares and reduce volatility in the Company's share price by narrowing the spread of its bid and offer price.

In addition, the Company lists its ADSs on The NASDAQ Capital Market and is required to maintain certain qualitative and financial metrics in order to keep its listing. On 11 December 2019, the Company received a letter from NASDAQ stating that it was not in compliance with the minimum bid price requirement set forth in NASDAQ's rules for continued listing on the NASDAQ Capital Market, which requires that listed securities maintain a minimum bid price of \$1.00 per share. Failure to meet such minimum bid price requirement for a period of 30 consecutive business days subjects a company to potential delisting. As previously disclosed, based on the

³ Exchange rate as at 11 February 2020 of €1.186 to £1.00.

closing bid price of the Company's ADSs for the 30 consecutive business days beginning 29 October 2019, the Company was advised by NASDAQ that it no longer met the minimum bid price requirement. There is no immediate effect on the listing or trading of the Company's ADSs, which continue to trade on the NASDAQ Capital Market. The Company has until 8 June 2020, to regain compliance with the minimum bid price requirement. If at any time before 8 June 2020 the bid price of the ADSs closes at \$1.00 per share or more for a minimum of ten consecutive business days, NASDAQ will provide the Company with written notification that it has achieved compliance with the minimum bid requirement. If we do not regain compliance with the minimum bid price requirement by 8 June 2020, the Company may be eligible for additional time to comply with the minimum bid price requirement. If the Company is unable to regain compliance with the minimum bid price requirement or if it otherwise fails to evidence and sustain compliance with all applicable requirements for continued listing on NASDAQ, the ADSs may be subject to delisting by NASDAQ.

Assuming the Share Consolidation is approved, in order to bring the price of the ADSs into compliance with NASDAQ's \$1.00 minimum bid price requirement, the Company will change the ratio of its ADSs from one ADS representing 20 Ordinary Shares to a new ratio of one (1) ADS representing five (5) Ordinary Shares (the "**Ratio Change**"). As of 11 February 2020 (being the latest practicable Business Day prior to the publication of this document), there were 4,993,278 ADSs outstanding. Assuming the Ratio Change occurs and that the number of ADSs outstanding remains unchanged, there would be approximately 998,655 ADSs outstanding. The Company will announce at a later date the effective date for this Ratio Change. There can be no assurance that the Ratio Change will be effective in achieving the Company's goal of regaining compliance with the minimum bid price requirement for the NASDAQ listing.

It is therefore proposed, pursuant to the Share Consolidation, that the Existing Ordinary Shares of 0.005 pence each in nominal value are consolidated on a 1 for 20 basis, such that every 20 Existing Ordinary Shares are consolidated into one Consolidated Ordinary Share of 0.1 pence in nominal value. To effect the Share Consolidation it will be necessary for the Company to issue seven (7) additional Ordinary Shares in total so that the aggregate nominal value of the ordinary share capital of the Company is exactly divisible by 20. As such, assuming a share capital of 469,899,620 Ordinary Shares immediately prior to the Consolidation Record Date (which for the purposes of this calculation includes an additional 7 Ordinary Shares allotted immediately prior to the Consolidation Record Date), then following completion of the Share Consolidation, the Company will have 23,494,981 Consolidated Ordinary Shares in issue. Since the additional 7 Ordinary Shares would only represent a fraction of an Existing Ordinary Share following the Share Consolidation, this fraction will be sold pursuant to the arrangements for fractional entitlements.

No Shareholder will be entitled to a fraction of a Consolidated Ordinary Share. Instead, their entitlement will be rounded down to the nearest whole number of Consolidated Ordinary Shares. Remaining fractional entitlements to Consolidated Ordinary Shares will be aggregated and sold in the market following Admission on behalf of, and the proceeds of sale applied for, the benefit of the Company. If a Shareholder holds fewer than 20 Existing Ordinary Shares as at the Consolidation Record Date, such that the rounding down process results in a Shareholder being entitled to zero Consolidated Ordinary Shares, then as a result of the Share Consolidation they will cease to hold any Ordinary Shares (of any description) in the capital of the Company.

Immediately following the Share Consolidation and before Admission, Shareholders will own the same proportion of Ordinary Shares in the capital of the Company as they did prior to the Share Consolidation (subject to fractional entitlements) but will hold fewer Consolidated Ordinary Shares than the number of Existing Ordinary Shares currently held.

Other than the change in nominal value, the Consolidation Ordinary Shares arising on implementation of the Share Consolidation will have the same rights as the Existing Ordinary Shares, including voting, dividend and other rights.

The Ordinary Shares underlying the Existing Warrants and the Options will be adjusted and the requisite exercise price revised. Warrant holders and option holders will be notified as soon as reasonably practicable following the Share Consolidation of their entitlements as a consequence of the Share Consolidation.

Shareholders will still be able to trade in Existing Ordinary Shares using certificates for the Existing

Ordinary Shares up until the Consolidation Record Date being 6:00 p.m. on the day of the General Meeting.

B. Authority to Allot Shares

Taking into account the 3.0 million ADSs (which represents 60.0 million Existing Ordinary Shares) issued under the Registered Direct Offering, the 500,000 options for Ordinary Shares granted under the Company's share option plan and reserving a further 63.0 million Ordinary Shares for Existing Warrants which have been granted, the Company's remaining authority to allot shares granted at its last AGM is only 12,966,600 Ordinary Shares prior to the Share Consolidation. If allotted and sold at 2.90 pence per Ordinary Share (being the closing mid-market price as at 11 February 2020 being the latest practicable Business Day prior to the announcement of this document), these 12,966,600 Ordinary Shares would represent gross proceeds of only £0.376 million.

The equity fundraise in February 2019 comprised the sale of "Units" of Ordinary Shares and Existing Warrants with one warrant for every Ordinary Share. Whilst the Board is exploring a range of options for an equity fundraising, your Board believes any substantial equity fund raise may have a similar structure albeit the ratio of warrants for an Ordinary Share may differ, and therefore proposes that any increase in its authority to allot Ordinary Shares should provide for sufficient headroom to allot both new Ordinary Shares and any associated new warrants.

Accordingly, your Board is proposing to increase the Company's authority under s. 551 of the CA 2006 to allot up to an additional nominal amount of £93,000, equivalent to 93,000,000 new Ordinary Shares following the Share Consolidation, with such authority expiring at whichever is the earlier of the conclusion of the annual general meeting of the Company to be held in **2021**, or the date falling 18 months from the date of the passing of the relevant resolution (unless renewed, varied or revoked by the Company prior to or on that date). The exact number of Ordinary Shares and warrants to be issued and granted, respectively, shall depend on the price per Ordinary Share at that time. The 93 million authority, may be used towards a combination of the allotment of new Ordinary Shares and the grant of new warrants. The new authority being sought represents 396 per cent of the Company's issued share capital immediately following Admission. This authority is in addition to any existing authority obtained (to the extent unused) at the Company's last annual general meeting.

If, for example, 46.5 million new Ordinary Shares, following the Share Consolidation, were to be allotted and issued at the adjusted closing middle market price, taking into account the assumed impact of the Share Consolidation, of 58 pence per Ordinary Share (on 11 February 2020, being the latest practicable Business Day prior to the announcement of this document), the Company would receive gross proceeds of £26.97 million.

C. Disapplication of Associated Pre-emption Rights

Based on soundings taken with advisers, your Board believes that in the absence of material data it is likely to be challenging to raise significant capital in the UK equity market at this time. Some of the reasons cited are macro-related and therefore outside the Company's control. The Board believes the most likely source of capital in the foreseeable future is in the US where the Company can leverage our NASDAQ listing, and we believe the recent Registered Direct Offering was a first step and test of feasibility.

Subject to investor feedback, the Board believes that the Company's next equity fundraise may potentially be on a non-pre-emptive basis and there is no guarantee that any future equity fundraise will include an open offer or other pre-emptive issue of shares. Accordingly your Board is recommending that Shareholder's pre-emption rights be disappplied to facilitate a potential fundraise in the US and that such disapplication expires at whichever is the earlier of the conclusion of the annual general meeting of the Company to be held in **2021**, or the date falling 18 months from the date of the passing of the resolution (unless renewed, varied or revoked by the Company prior to or on that date).

3. Settlement and Dealings following the Share Consolidation

If you hold a share certificate in respect of your Existing Ordinary Shares in the Company, your certificate will no longer be valid from the time the proposed Share Consolidation becomes effective. If you hold more than 20 Existing ordinary Shares on the Consolidation Record Date you will be sent a new share certificate evidencing the new Consolidated Ordinary Shares to which you are entitled under the Share Consolidation. Such certificates are expected to be despatched the week commencing 9 March 2020. Upon receipt of the new certificate, you should destroy any old certificates. Pending the despatch of the new certificates, transfers of certificated Consolidated Ordinary Shares will be certified against the Company's share register.

If you hold your Existing Ordinary Shares in uncertificated form, you should expect to have your CREST account credited with the Consolidated Ordinary Shares to which you are entitled on implementation of the Share Consolidation on 3 March 2020 or as soon as practicable after the Share Consolidation becomes effective.

Application will be made to the London Stock Exchange for the Consolidated Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective at 8:00 a.m. on 3 March 2020. Following completion of the Share Consolidation, the Company's Ordinary Shares will continue to be eligible for CREST settlement but will trade under a new ISIN, GB00BKT14T00.

4. General Meeting

The Board is seeking the approval of Shareholders at the General Meeting to, *inter alia*, approve the issue and allotment of new Ordinary Shares and warrants, to dis-apply pre-emption rights and to consolidate the Existing Ordinary Shares.

The Notice of General Meeting, which is to be held at the offices of Brown Rudnick, 8 Clifford Street, London W1S 2LQ at 2:30 p.m. on 2 March 2020, is set out at the end of this document. At the General Meeting, the following Resolutions will be proposed:

Resolution 1, which is proposed as an ordinary resolution, to approve, that every 20 Existing Ordinary Shares of 0.005 pence each in the capital of the Company be consolidated into one Consolidated Ordinary Share of 0.1 pence each, such Consolidated Ordinary shares having the same rights and being subject to the same restrictions (save as to nominal value) as the Existing Ordinary Shares, to take effect from the Consolidation Record Date.

Resolution 2, which is proposed as an ordinary resolution, is to grant the Directors authority to allot equity securities for cash (i) in connection with rights issues, open offers or other pre-emptive offers; and (ii) on a non pre-emptive basis up to an aggregate nominal amount of £93,000 (representing approximately 396 per cent. of the issued share capital of the Company immediately following Admission). This authority is in addition to any existing authority obtained (to the extent unused) at the Company's last annual general meeting. The authority given pursuant to this resolution 2 will be in addition to any authority conferred upon the Board for the purposes of section 551 of the Act at its annual general meeting to be held in 2020 and shall expire at whichever is the earlier of the conclusion of the annual general meeting of the Company to be held in **2021**, or the date falling 18 months from the date of the passing of this resolution (unless renewed, varied or revoked by the Company prior to or on that date).; and

Resolution 3, which is conditional upon the passing of Resolution 2 and is proposed as a special resolution, to authorise the Directors to allot new Ordinary Shares and new warrants otherwise than in accordance with the Shareholders' statutory pre-emption rights (which would otherwise apply in the case of new issues of Ordinary Shares and warrants for cash). The authority given pursuant to this resolution 3 will be in addition to any authority conferred upon the Board for the purposes of section 551 of the Act at its annual general meeting to be held in 2020 and shall expire at whichever is the earlier of the conclusion of the annual general meeting of the Company to be held in **2021**, or the date falling 18 months from the date of the passing of this resolution (unless renewed, varied or revoked by the Company prior to or on that date).

5. Action to be taken

Shareholders listed on the Company's share register at 6:00 p.m. on 27 February 2020 shall be entitled to participate at the General Meeting and vote in person or by proxy.

A Form of Proxy is enclosed for use by Shareholders at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions printed thereon, as applicable, to the Company's registrars, Neville Registrars Limited, of Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD as soon as possible and in any event so as to be received not later than 2:30 p.m. on 27 February 2020 (or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any part of a day that is not a working day)). Appointing a proxy in accordance with the instructions set out above will enable your vote to be counted at the General Meeting in the event of your absence. The completion and return of a Form of Proxy will not preclude you from attending the General Meeting, or any adjournment thereof, and voting in person should you wish to do so.

6. Irrevocable Undertakings

CMS and A&B, which each own 103.9 million Ordinary Shares, representing in aggregate 44.2% of the entire issued share capital of the Company have each provided an irrevocable undertaking to the Company to vote in favour of all the Resolutions to be proposed at the GM.

7. Recommendation

The Directors (and their connected parties) consider the Share Consolidation and the Resolutions to be in the best interests of the Company and its Shareholders as a whole and accordingly unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting as they intend to do in respect of their beneficial holdings amounting, in aggregate, to 3,355,980 Existing Ordinary Shares, representing approximately 0.71% per cent. of the existing issued voting share capital of the Company.

Yours faithfully,

Rolf Stahel
Chairman

NOTICE OF GENERAL MEETING

MIDATECH PHARMA PLC

(Incorporated and registered in England and Wales with registered no. 09216368)

NOTICE IS HEREBY GIVEN THAT a general meeting ("**GM**") of the members of Midatech Pharma Plc (the "**Company**") will be held at the offices of Brown Rudnick, 8 Clifford Street, London W1S 2LQ at 2:30 p.m. on 2 March 2020 to consider and, if thought fit, to pass the following resolutions. Resolutions 1 and 2 will be proposed as ordinary resolutions and resolution 3 will be proposed as a special resolution (collectively, the "**Resolutions**" and each a "**Resolution**").

Unless the context otherwise requires, words and expressions used in this notice have the meanings given to them in the circular to shareholders of the Company dated 12 February 2020 of which this notice forms part (the "**Circular**").

ORDINARY RESOLUTIONS

1. THAT, in accordance with section 618 of the Companies Act 2006, and with effect from 2 March 2020, every 20 existing ordinary shares of 0.005 pence each in the capital of the Company (the "**Existing Ordinary Shares**") be consolidated into one new consolidated ordinary share of 0.1 pence in nominal value (the "**Consolidated Ordinary Shares**") having the same rights and ranking *pari passu* in all respects with the Existing Ordinary Shares, provided that where such consolidation results in any member being entitled to a fraction of a new Consolidated Ordinary Share, such fraction shall be aggregated and the directors of the Company be and are hereby authorised to sell (or appoint another person to sell) such fraction on behalf of the relevant member where the net proceeds of such sale will be retained for the benefit of the Company.
2. THAT the Directors be and are hereby generally and unconditionally authorised (in addition to the allotment authority (to the extent unused) obtained at the Company's last annual general meeting) pursuant to section 551 of the Act to exercise all or any of the powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any securities into shares in the Company ("**Relevant Securities**") up to an aggregate nominal amount of £93,000 (so as to represent approximately 396 per cent of the Company's issued share capital immediately following Admission) (the "**Enlarged Share Capital**") provided that:
 - (i) the authority given pursuant to this resolution 2 will be in addition to any authority conferred upon the Board for the purposes of section 551 of the Act at its annual general meeting to be held in 2020 and shall expire at whichever is the earlier of the conclusion of the annual general meeting of the Company to be held in 2021, or the date falling 18 months from the date of the passing of this resolution (unless renewed, varied or revoked by the Company prior to or on that date); and
 - (ii) the Company may make an offer or agreement which would or might require Relevant Securities to be allotted after this authority expires and the Directors may allot Relevant Securities in pursuance of such offer or agreement as if this authority had not expired; and

SPECIAL RESOLUTION

3. THAT, subject to and conditional upon the passing of Resolution 2, the Directors be and are hereby empowered (in addition to the allotment authority (to the extent unused) obtained at the Company's last annual general meeting) pursuant to sections 570 and 573 of the Act to allot equity securities (within the meaning of section 560 of the Act) of the Company for cash pursuant to the authority conferred by Resolution 2 above, as if section 561 of the Act did not apply to any such allotment, provided that such power be limited to:
 - (i) the allotment of equity securities in connection with rights issues, open offers or other pre-emptive offers in favour of holders of equity securities in proportion (as nearly as may be practicable) to their respective holdings or in accordance with the rights attaching thereto (but with such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements, record dates or other legal or practical problems in or under the laws of, or any requirements of, any recognised regulatory body or stock exchange, in any territory or as regards shares held by an approved depository or in issue in uncertified form or otherwise however); and

- (ii) the allotment of equity securities or sale of treasury shares (otherwise than pursuant to sub-paragraph (i) above) to a maximum aggregate nominal value of £93,000.

The authority given pursuant to this resolution 3 will be in addition to any authority conferred upon the Board for the purposes of section 551 of the Act at its annual general meeting to be held in 2020 and shall expire at whichever is the earlier of the conclusion of the annual general meeting of the Company to be held in 2021, or the date falling 18 months from the date of the passing of this resolution (unless renewed, varied or revoked by the Company prior to or on that date).

By order of the Board

Stephen Stamp

Company Secretary

Registered office:

Oddfellows House

19 Newport Road

Cardiff

CF24 0AA

Dated: 12 February 2020

NOTES:

Proxies

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those members registered in the register of members of the Company at close of business on 27 February 2020 (or if the GM is adjourned, 48 hours before the time fixed for the adjourned GM) shall be entitled to attend and vote at the GM in respect of the number of shares registered in their name at that time. In each case, changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the GM.
2. A member who is entitled to attend, speak and vote at the GM may appoint a proxy to attend, speak and vote instead of him. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A proxy need not be a member of the Company but must attend the GM in order to represent you. A proxy must vote in accordance with any instructions given by the member by whom the proxy is appointed. Appointing a proxy will not prevent a member from attending in person and voting at the GM (although voting in person at the GM will terminate the proxy appointment). A proxy form is enclosed. The notes to the proxy form include instructions on how to appoint the Chairman of the GM or another person as a proxy. You can only appoint a proxy using the procedures set out in these Notes and in the notes to the proxy form.
3. To be valid, the Form of Proxy and any power of attorney or other authority (if any) under which it is signed (or a copy certified notarially, or in some other manner approved by the Board) must be completed and returned so as to reach the Company's registrars, Neville Registrars Limited at: Neville House, Steelpark Road, Halesowen B62 8HD by no later than 2:30 p.m. on 27 February 2020 (or, if the meeting is adjourned, not less than 48 hours before the time fixed for the holding of the adjourned meeting) (excluding any part of a day that is not a working day)).
4. In the event that a poll is demanded at the meeting, and such poll is to be taken more than 48 hours thereafter, the Form of Proxy (together with any documents of authority required by note 3) may be returned to the Company's registrars, Neville Registrars Limited at the address in note 3 above so as to arrive not later than 24 hours before the time appointed for such poll. In the event that a poll is demanded at the meeting, and such poll is not taken at the meeting, but is taken less than 48 hours after the meeting, the enclosed Form of Proxy (together with any documents of authority required by note 3) may be delivered at the meeting to the chairman of the meeting or to the secretary or any director of the Company.
5. In the case of joint holders, the signature of only one of the joint holders is required on the Form of Proxy, but the vote of the senior (by order in the register of members) who tenders a vote will be accepted to the exclusion of the others.
6. A member that is a company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it. This can be done in one of two ways: either by the appointment of a proxy (described in Notes 2 to 4 above) or of a corporate representative. Members considering the appointment of a corporate representative should check their own legal position, the Company's articles of association and the relevant provision of the Companies Act 2006.
7. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for this meeting and any adjournment(s) thereof 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.
8. 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 ('Euroclear') specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it relates to the appointment of a proxy, the revocation of a proxy appointment or to an amendment to the instruction given to a previously appointed proxy) must be transmitted so as to be received by the Company's agent, Neville Registrars Limited (CREST Participant ID 7RA11) by the latest time for proxy appointments set out in note 3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
9. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual (www.euroclear.com/CREST) concerning practical limitations of the CREST system and timings.
10. 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 (as amended).

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