

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the terms or nature of the proposals or the action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000.**

IF YOU HAVE SOLD OR OTHERWISE TRANSFERRED all your Ordinary Shares in Environmental Recycling Technologies PLC, please send this document, together with the accompanying form of proxy, as soon as possible to the purchaser or the transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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# **ENVIRONMENTAL RECYCLING TECHNOLOGIES PLC**

*(Incorporated and registered in England with number 3443456)*

**2011 ANNUAL GENERAL MEETING**

**ORDINARY AND SPECIAL BUSINESS**

**and**

**NOTICE OF MEETING**

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Notice of an Annual General Meeting of the Company to be held on 7 September 2011 at midday at Witney Four Pillars Hotel, Ducklington Lane, Witney, Oxfordshire, OX28 4EX is set out at the end of this document. Please complete, sign and return the accompanying Form of Proxy in accordance with the instructions thereon as soon as possible and in any event so as to arrive at Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 12.00 p.m. on 5 September 2011.

# ENVIRONMENTAL RECYCLING TECHNOLOGIES PLC

(Registered in England No 3443456)

*Directors*

Kenneth Williams Brooks (*Chairman*)  
David Charles Shepley-Cuthbert (*Finance Director*)  
Roger James Baynham (*Managing Director*)

*Registered Office*

Regent House,  
316 Beulah Hill, London,  
SE19 3HF

28 June 2011

*To all Shareholders and, for information only, to all Optionholders*

Dear Sir or Madam,

## 2011 ANNUAL GENERAL MEETING

This letter explains the business set out in the Notice convening the Company's Annual General Meeting for 7 September 2011 at midday at Witney Four Pillars Hotel, Ducklington Lane, Witney, Oxfordshire, OX28 4EX which is contained on page 4 of this document.

### Ordinary Business at the AGM

**Resolution 1** - The Directors are required by law to present to the meeting the report of the Directors and the audited accounts of the Company for the year ended 31st December 2010.

**Resolution 2** – In accordance with the Articles of Association one third of the Directors are required to retire by rotation. This year it is the turn of Roger Baynham.

**Resolutions 3 and 4** - The Company is required to appoint auditors at each general meeting at which audited accounts are presented. These Resolutions follow standard practice in giving authority to the Directors to fix their remuneration.

### Special Business at the AGM

#### Resolution 5 – Increase authorised share capital

Resolution 5 increases the authorised share capital of the Company from a nominal value of £15,000,000 to a nominal value of £20,000,000.

#### Resolution 6 – Authority to allot shares

Resolution 6 gives the Directors authority to allot up to 262,507,246 Ordinary Shares in the Company, representing the remainder of the unissued share capital of the Company.

#### Resolution 7 – Disapplication of pre-emption rights

Resolution 7 empowers the Directors to allot equity shares for cash, without first offering them to existing shareholders in proportion to their holdings, in connection with a rights issue or open offer. This power to issue shares is required in connection to the allotment of shares in connection with the Deed of Warrant Grants already in place; share options granted and to be granted to the Directors and employees of the Group. This authority will expire at the conclusion of next year's Annual General Meeting or 15 months after the passing of the resolution, whichever is the earlier.

### Action to be Taken

**Shareholders will find enclosed a Form of Proxy for use at the Annual General Meeting. Whether or not you intend to be present at the meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions thereon so as to arrive as soon as possible at Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, but in any event so that it**

**is received not later than 12.00 p.m. on 5 September 2011. The completion and return of a Form of Proxy will not preclude you from attending and voting in person at the meeting, if you so wish.**

**Recommendation**

Your Directors are of the opinion that the proposals set out in the Notice of Annual General Meeting are in the best interests of both the Company and its shareholders as a whole. Accordingly, they recommend you to vote in favour of the resolutions, as they intend to do in respect of their own beneficial shareholdings, which amount to approximately 3.91% of the current issued share capital of the Company.

Yours sincerely

**K W Brooks**

*Chairman*

## NOTICE OF ANNUAL GENERAL MEETING

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### ENVIRONMENTAL RECYCLING TECHNOLOGIES PLC

**Notice is hereby given** that the Annual General Meeting of Environmental Recycling Technologies plc (the “Company”) will be held at, Witney Four Pillars Hotel, Ducklington Lane, Witney, Oxfordshire, OX28 4EX, on 7 September 2011 at midday for the purpose of considering and, if thought fit, passing resolutions numbered 1 to 6 (inclusive) as Ordinary Resolutions and resolution numbered 7 as a Special Resolution:

#### Ordinary Business

- 1 To receive and adopt the report of the Directors and the audited accounts of the Company for the year ended 31 December 2010.
- 2 To re-appoint Mr Roger James Baynham, who retires by rotation, as a director
- 3 To re-appoint BDO LLP as auditors of the Company.
- 4 To authorise the Directors to fix the remuneration of the auditors.

As special business to consider and, if thought fit, pass the following resolutions:

5. To increase the authorised share capital of the Company from a nominal value of £15,000,000 to a nominal value of £20,000,000.
- 6 (a) That the board be and it is hereby generally and unconditionally authorised to exercise all powers of the company to allot relevant securities (within the meaning of section 551 of the Companies Act 2006) up to an aggregate nominal amount of £6,562,681.15 provided that this authority shall expire five years after the date of the passing of this resolution save 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 board may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired, and further
- (b) that the board be and it is hereby generally and unconditionally authorised to exercise all powers to the company to allot securities (within the meaning of section 560 of the said Act) in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them up to an aggregate nominal amount of £6,562,681.15 provided that this authority shall expire on the date of the next annual general meeting of the company after the passing of this resolution save 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 board may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred had not expired

#### Special Resolution

- 7 Subject to the passing of the previous resolution, to authorise the board pursuant to section 570 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of the said Act) for cash pursuant to the authority conferred by the previous resolution as if sub-section (1) of section 561 of the said Act did not apply to any such allotment provided that this power shall be limited:
  - (a) To the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all Ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary shares held by them and,

- (b) the allotment and issue of Ordinary Shares pursuant to the Deed of Warrant Grants granted and not exercised to date;
  - (c) the allotment and issue of Ordinary Shares pursuant to options granted to directors and employees of the Group and not exercised to date;
- 7.1 To the allotment, otherwise than pursuant to sub-paragraph (a) – (c) above, of equity securities up to an aggregate nominal value of £6,562,681.15p
- 7.2 Unless previously revoked, varied or extended, this power shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company and the date falling 15 months after the date of the passing of this resolution except that the Company may before the expiry of this power 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 this power had not expired;
- 7.3 In this resolution the nominal amount of any securities should be taken to be, in the case of a right to subscribe for or convert any securities into shares of the Company, the nominal amount of the shares which may be allotted pursuant to such right.

<p>BY ORDER OF THE BOARD</p> <p>Robin Sims  Secretary  28 June 2011</p>	<p>REGISTERED OFFICE</p> <p>Regent House,  316 Beulah Hill, London,  SE19 3HF</p>
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**ENVIRONMENTAL RECYCLING TECHNOLOGIES PLC (ENRT PLC) –  
ANNUAL GENERAL MEETING**

To be held at midday on 7 September 2011 at Witney Four Pillars Hotel, Ducklington Lane, Witney, Oxfordshire, OX28 4EX

Before completing this form of proxy, please read the Explanatory Notes overleaf.

**FORM OF PROXY**

ENRT PLC (“the “Company”)  
ANNUAL GENERAL MEETING

Bar Code:

I/We .....  
being a member of the Company hereby appoint the Chairman of the meeting or the Following person  
(see note 1)

Investor Code:

Event Code:

As my/our proxy to exercise all or any of my/our rights to attend, speak and vote in respect of all or (if less than all)

Ordinary shares (see note 1) of my/our entitlement on my/our behalf at the Annual General Meeting of the Company to be held at midday on 7 September 2011 at Witney Four Pillars Hotel, Ducklington Lane, Witney, Oxfordshire, OX28 4EX and at any adjournment thereof.

I/We have indicated with an ‘X’ how I/We wish my/our votes to be cast in respect of the resolutions which are set out in the Notice of Annual General Meeting. In the absence of instructions, the person appointed proxy may vote or withhold his/her vote as he/she thinks fit on the resolutions and, unless otherwise instructed, may also vote or withhold his/her vote as he/she thinks it on any other matter (including amendments to the resolutions) which may properly come before the meeting and at any adjournment thereof.

Please indicate with an ‘X’ here if this proxy appointment is one of, multiple appointments being made\*

\*For the appointment of more than one proxy, please refer to note 2.

**RESOLUTION**

Please mark ‘X’ to indicate how you wish to vote.

SPECIAL BUSINESS			
Ordinary Resolutions	For	Against	Vote Withheld
1. Receive reports and financial statements			
2. Re-appoint Mr Roger James Baynham			
3. Re-appoint BDO LLP as auditors			
4. Authorise the Directors to fix the remuneration of the auditors			
5. Increase in authorised share capital			
6. Authority to allot shares			
Special Resolutions			
7. Waive pre-emption rights			

Signature

Date:

## Explanatory Notes

1. A member entitled to attend, speak and vote at the meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of him. The proxy need not be a member of the Company. If you wish to appoint someone other than the Chairman, please insert the name of your chosen proxy holder in the space provided, delete the words “the Chairman of the meeting or” and initial the alterations. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the space provided the number of shares in relation to which they are authorised to act as your proxy, delete the words “all or (if less than all)” and initial the alterations. If left blank, or if a number which is greater than your total shareholding is entered in the applicable space, your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).
2. A member of the Company may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. To appoint more than one proxy, additional proxy forms may be obtained by contacting the Registrars’ helpline on 0871 664 0300 or you may photocopy this form. Please indicate in the box next to the proxy holder’s name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by placing an ‘X’ in the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
3. Completion and return of the form of proxy will not preclude shareholders from attending, speaking and voting in person at the meeting or adjournment of the meeting.
4. To be effective, this form of proxy should be signed by a member, or his/her attorney duly authorised in writing, and, if a corporation, this form of proxy must be executed under its common seal or under the hand of a duly authorised officer or attorney (or under the hand of another person duly authorised to sign it).
5. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only holders of ordinary shares entered in the register of members of the Company as at noon on 5 September 2011 or, if the meeting is adjourned, at 6.00pm on the second day prior to the date of the adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of members after noon on 5 September 2011 or, if the meeting is adjourned, in the register of members after 6.00pm on the second day prior to the day of the adjourned meeting, shall be disregarded in determining the rights of any person to attend, speak or vote at the meeting or at any such adjournment.
6. To be valid for the meeting, this form of proxy should be completed, signed and lodged (together with any power of attorney or any other written authority under which it is executed or a notarially certified copy of such authority or certified in some other way approved by the Board) with the Company’s registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time for holding the meeting, or in the event of an adjournment, not less than 48 hours before the time of the adjournment. Forms of proxy may not be submitted via the Company’s website or via any email address set out on the Company’s website.
7. In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders. For this purpose, seniority shall be determined by the order in which the names of such holders stand in the register of members in respect of the joint holding.
8. The “vote withheld” option is provided to enable you to instruct your proxy not to vote on any particular resolution. However, a “vote withheld” is not a vote in law and will not be counted in the calculation of votes “for” and “against” a resolution. Failing to mark any box in respect of a resolution will mean your proxy can vote as he or she wishes or can decide not to vote at all.
9. Any amendments made to this form of proxy must be initialled by the person who signs it.
10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using 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 sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction 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 must be transmitted so as to be received by the Company’s agent, Capita Registrars (CREST participant ID RA10), no later than 48 hours before the time appointed for the meeting. 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 Application Host) from which the Company’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Norman 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 provider(s) are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. 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.