

Dear Shareholder

**Notice of Adoption of Financial Reporting Standard 101: Reduced Disclosure Framework**

The Company's parent company financial statements contained in the Annual Report and Accounts for the financial year ended 31 January 2016 have been prepared in accordance with UK Generally Accepted Accounting Practice (**GAAP**). The Financial Reporting Council (**FRC**) introduced a new accounting framework for the financial statements of UK companies with accounting periods commencing on or after 1 January 2015. Under this framework, Quantum Pharma Plc is required to elect to prepare its parent company financial statements on one of the bases permitted by the FRC.

The Board considers that it is in the best interests of the Group to elect to adopt FRS 101 'Reduced Disclosure Framework' for the preparation of its parent company financial statements for the year ended 31 January 2017 and on an ongoing basis until such time as shareholders are notified of any change to its chosen accounting framework for the parent company financial statements.

The adoption of FRS 101 does not require shareholder approval. However, in accordance with FRS 101, before the Company can adopt FRS 101 'Reduced Disclosure Framework', it is required to notify all shareholders of this election.

Any shareholder or shareholders holding in aggregate 5% or more of the total allotted shares in the Company may object to the adoption of FRS 101 'Reduced Disclosure Framework'. Any objections must be served in writing and delivered to the Company Secretary at Quantum House, Hobson Industrial Estate, Burnopfield, County Durham, NE16 6EA no later than 11 July 2016.

There is no need to respond to this letter unless you wish to object.

Yours faithfully

**John Clarke**  
**Non-Executive Chairman**