

THIS DOCUMENT AND THE ENCLOSED FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek advice from your own stockbroker, bank manager, solicitor, accountant or other financial adviser authorised pursuant to the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your shares in Helius Energy plc, please send this document and the accompanying form of proxy at once 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.

THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE NOTICE OF ANNUAL GENERAL MEETING OF THE COMPANY SET OUT AT THE END OF THIS DOCUMENT.

HELIUS ENERGY PLC

(a company incorporated in England and Wales and registered with number 5745512)

NOTICE OF ANNUAL GENERAL MEETING

Your attention is drawn to the letter from the Chairman of Helius Energy plc which is set out on pages 3 to 6 of this document and which contains, amongst other matters, your Board's recommendation to vote in favour of the Resolutions to be proposed at the Annual General Meeting referred to below.

Notice of the Annual General Meeting of the Company to be held at 10.00 a.m. on Thursday, 8 May 2008 at the offices of Pinsent Masons LLP, CityPoint, One Ropemaker Street, London EC2Y 9AH is set out at the end of this document. Shareholders are requested to return the enclosed form of proxy, which to be valid must be completed and returned in accordance with the instructions printed thereon so as to be received as soon as possible by the Company's registrars, Capita Registrars at The Registry, 34 Beckenham Road, Kent BR3 4TU but in any event so as to be received by the Company not less than 48 hours before the time appointed for the meeting, being 10.00 a.m., on 6 May 2008. Completion and return of a form of proxy will not preclude Shareholders from attending and voting in person at the Annual General Meeting should they so wish.

Arbuthnot Securities is the nominated adviser and broker to the Company for the purposes of the AIM Rules. Arbuthnot Securities, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting for the Company and no one else in connection with this document and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Arbuthnot Securities or for providing advice in relation to this document.

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, purchase or subscribe for any securities. This document has not been examined or approved by the Financial Service Authority or the London Stock Exchange or any other regulatory authority.

Copies of this document are available free of charge until 8 May 2008 at the offices of Arbuthnot Securities at Arbuthnot House, 20 Ropemaker Street, London EC2Y 9AR during usual business hours on any weekday (public holidays excepted).

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2008

Publication of this document and posting to Shareholders	11 April
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on Tuesday, 6 May
Time and date of Annual General Meeting	10.00 a.m. on Thursday, 8 May

DEFINITIONS

Act	the Companies Act 1985
Annual General Meeting or AGM	the annual general meeting of the Company convened for 10.00 a.m. on Thursday, 8 May 2008 and any adjournment thereof, notice of which is set out at the end of this document
AIM Rules	the AIM Rules for Companies and, as appropriate, the AIM Rules for Nominated Advisers, as respectively published by the London Stock Exchange
Arbuthnot Securities	Arbuthnot Securities Limited of Arbuthnot House, 20 Ropemaker Street, London EC2Y 9AR
Board or Directors	the directors of the Company at the date of this document whose names are set out on page 3 of this document
CA 2006	the Companies Act 2006
EU	European Union
Group	the Company and its subsidiaries
Helius or the Company	Helius Energy plc
London Stock Exchange	London Stock Exchange plc
Notice	the notice convening the Annual General Meeting which is set out at the end of this document
Ordinary Shares	ordinary shares of 1 pence each in the capital of the Company
Resolutions	the resolutions set out in the Notice
Shareholders	holders of Ordinary Shares

HELIUS ENERGY PLC

(a company incorporated in England and Wales and registered with number 5745512)

Alex David Worrall, FCCA, Non-Executive Chairman
John Michael Seed, Managing Director
Alan Lyons, Finance Director
Dr Adrian Clive Bowles, Technical Director
Christopher Corner, Commercial Director
Michelle Susette Morris, Executive Director & Company Secretary
John Barclay Forrest, OBE, Non-Executive Director
Demetri Pappadopoulos, Non-Executive Director

South Tees Business Centre
Puddlers Road
Middlesbrough
TS6 6TL

11 April 2008

TO SHAREHOLDERS AND, FOR INFORMATION ONLY, TO THE HOLDERS OF OPTIONS OVER ORDINARY SHARES

Dear Shareholder

The Company announced on 2 April 2008 that it had entered into a convertible loan facility (the "Loan Facility") for £2 million with African Bi-Fuels Pty Ltd. The Loan Facility is intended to be used to provide working capital for the development of the Company's business plan. This facility has been secured to mitigate any risks of delay with commencement of construction and therefore receipt of development fees which will be used to fund the development of subsequent biomass power generation plants in the UK. The facility provides in excess of 12 months' working capital. The Loan Facility can be drawn down in tranches from June 2008 until December 2008, the Company will pay an interest charge of 1 per cent. per month on funds drawn and funds drawn will be due for repayment by April 2009.

The Loan Facility is convertible, in proportion to the amount actually drawn down and not repaid, at the lender's discretion at any time prior to one year from date of signing (being 2 April 2009) into up to 9,090,910 new Ordinary Shares representing approximately 11.3 per cent. of the enlarged share capital of Helius after conversion.

The Loan Facility is provided by African Bi-Fuels Pty Ltd, a company controlled by Mr Demetri Pappadopoulos. Mr Demetri Pappadopoulos is a director of Helius and the entering into the Loan Facility agreement therefore constituted a transaction with a related party under the AIM Rules. The Directors of Helius, other than Demetri Pappadopoulos, considered, having consulted with Arbutnot Securities, that the terms of the Loan Facility were fair and reasonable so far as Shareholders were concerned.

As envisaged at the time of the announcement, Shareholders are now being given further information as to the terms of the Loan Facility and approval is being sought, *inter alia*, to enable the Directors to allot, if necessary, the new Ordinary Shares pursuant to the conversion of the Loan Facility. Shareholders representing more than 75 per cent. of the Company's issued share capital have irrevocably agreed to vote in favour of Resolutions 5, 6 and 9 which are those Resolutions relating to the increase in authorised share capital, authority for the Directors to allot relevant securities and to disapply the statutory pre-emption rights.

As has been recognised previously, the Group has made good, steady progress towards commencement of construction at the first of its sites in Stallingborough. There does remain some uncertainty as to when all the approvals for commencement will be received. Your Directors therefore believed that it would be prudent to provide additional contingency funding to meet any further project development.

Your Directors considered a number of alternatives and other indicative offers of finance before concluding negotiations on the Loan Facility. It is believed that a staged payment loan facility of the type negotiated offers maximum flexibility at a time when the Group is nearing completion of the project finance associated with its flagship Stallingborough project.

Your Directors remain of the opinion that having the flexibility of a staged loan facility rather than alternative methods of finance will enable the Company to obtain the best outcome for its shareholders.

ANNUAL GENERAL MEETING

A notice is set out at the end of this document convening the Annual General Meeting of the Company to be held at the offices of Pinsent Masons LLP at 10.00 a.m. on Thursday, 8 May 2008.

At the AGM, Resolutions will be proposed as explained below.

RESOLUTION 1 – RECEIVING THE ACCOUNTS

A resolution will be proposed that the report of the Directors and the accounts for the year ended 30 September 2007 together with the report of the auditors thereon be received and considered.

RESOLUTION 2 – REAPPOINTMENT OF AUDITORS

A resolution will be proposed that BDO Stoy Hayward LLP be re-appointed as auditors of the Company to hold office from the conclusion of the AGM until the conclusion of the next general meeting at which accounts are laid before the Company at a remuneration to be fixed by the directors of the Company from time to time.

RESOLUTION 3 – REAPPOINTMENT OF DIRECTOR

A resolution is proposed that Alan Lyons, having been appointed on 7 May 2007 who retires and is eligible for re-election, be re-elected as a Director of the Company.

RESOLUTION 4 – REAPPOINTMENT OF DIRECTOR

A resolution is proposed that Demetri Pappadopoulos, having been appointed on 8 May 2007 who retires and is eligible for re-election, be re-elected as a Director of the Company.

RESOLUTION 5 – PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes that the authorised share capital of the Company is increased from £1,000,000 to £1,500,000 by the creation of a further 50,000,000 new Ordinary Shares.

RESOLUTION 6 – AUTHORITY TO ALLOT RELEVANT SECURITIES

It is proposed to grant authority to the Directors to allot relevant securities with an aggregate nominal value of up to £409,792. This authority unless previously renewed, varied or revoked shall expire at the conclusion of the Company's Annual General Meeting to be held in 2009 or, if earlier, 8 August 2009.

RESOLUTION 7 – AUTHORITY TO MAKE MARKET PURCHASES OF OWN SHARES

The Directors propose that the Company be generally and unconditionally authorised to make one or more market purchases subject to a maximum aggregate number of Ordinary Shares of 7,118,000 (representing approximately 10 per cent. of the Company's issued share capital as at the date hereof). The maximum price is limited to no more than five per cent. above the average of the middle market quotations for an Ordinary Share as derived from quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Ordinary Share is purchased.

This authority unless previously renewed, varied or revoked shall expire at the conclusion of the Company's Annual General Meeting to be held in 2009 or, if earlier, 8 August 2009.

RESOLUTION 8 – AUTHORITY TO MAKE DONATIONS TO POLITICAL ORGANISATIONS AND TO INCUR POLITICAL EXPENDITURE

Part 14 of the CA 2006, amongst other things, prohibits the Company and its subsidiaries from making donations to an EU political party or other EU political organisation or to an independent election candidate in the EU of more than £5,000 in any 12 month period unless they have been authorised to make donations by the Company's shareholders.

The CA 2006 defines 'political organisations', 'political donations' and 'political expenditure' widely. It includes organisations which carry on activities which are capable of being reasonably regarded as intended to affect public support for a political party or an independent election candidate in any EU Member State or to influence voters in relation to any referendum in any EU Member State. As a result, it is possible that the definition may include bodies, such as those concerned with policy review and law reform, which the Company and/or its subsidiaries may see benefit in supporting. For example, the Company may support organisations involved in the development and promotion of renewable energy or bio-fuels policy which is caught by the definitions within CA 2006.

Accordingly, the Company wishes to ensure that neither it nor its subsidiaries inadvertently commits any breaches of CA 2006 through the undertaking of routine activities, which would not normally be considered to result in the making of political donations and political expenditure being incurred. Neither the Company nor any of its subsidiaries has any intention of making any particular political donations under the terms of this Resolution.

RESOLUTION 9 – DISAPPLICATION OF STATUTORY PRE-EMPTION RIGHTS

It is proposed to empower the Directors to allot equity securities up to an aggregate nominal amount of £409,792 as if the pre-emption rights set out in section 89(1) of the Act did not apply subject to the following limits:

- (a) the allotment of equity securities in connection with a rights issue or any other pre-emptive offer in favour of holders of equity securities in proportion (as nearly as may be) to the respective amounts of equity securities held by them subject only to such exclusions or other arrangements as the Directors may deem necessary or expedient or consider appropriate to deal with fractional entitlements or legal or practical difficulties under the laws of any territory or the requirements of any regulatory body or stock exchange or otherwise;
- (b) the allotment (otherwise than pursuant to paragraph (a) above) of equity securities for cash up to an aggregate nominal amount of £90,909.10 pursuant to the issue of the convertible loan notes with a nominal value of up to £2,000,000 (convertible into a maximum of 9,090,910 new Ordinary Shares) as referred to in this document;
- (c) the allotment (otherwise than pursuant to paragraphs (a) and (b) above) of equity securities for cash up to an aggregate nominal amount of £77,478.68 pursuant to the grant of options;
- (d) the allotment (otherwise than pursuant to paragraphs (a) to (c) inclusive above) of equity securities for cash up to an aggregate nominal amount of £96,153.85 pursuant to the convertible £2.5 million loan facility agreement entered into between the Company and General Capital Venture Finance Limited on 15 January 2007 and as further detailed in the Company's admission document dated 25 January 2007;

RESOLUTION 9 – DISAPPLICATION OF STATUTORY PRE-EMPTION RIGHTS CONTINUED

(e) the allotment (otherwise than pursuant to paragraphs (a) to (d) inclusive above) of equity securities for cash up to an aggregate nominal amount of £3,889.04 pursuant to the option granted to Daniel Stewart & Company plc on 25 January 2007, at the time of the Company's admission to AIM and as further detail in the Company's admission document dated 25 January 2007; and

(f) the allotment (otherwise than pursuant to paragraphs (a) to (e) inclusive above) of equity securities up to an aggregate nominal amount of £35,590 representing approximately 5 per cent of the nominal value of the current issued share capital of the Company,

and the power hereby conferred shall operate in substitution for and to the exclusion of any previous power given to the directors pursuant to section 95 of the Act and shall expire on whichever is the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2009 and 8 August 2009 unless such power is renewed or extended prior to or at such meeting except that the Company may before the expiry of any power contained in this resolution 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 hereby had not expired.

RESOLUTION 10 – AMENDMENTS TO ARTICLES OF ASSOCIATION

A number of provisions of CA 2006 came into force on 1 October 2007 and 22 January 2008. It is proposed to adopt new Articles of Association (the "New Articles") to update the current Articles of Association (the "Current Articles") to reflect these changes to English company law. It is also intended to increase the Company's borrowing powers.

The principal changes to the Current Articles are set out below. Changes which are of a minor, technical or consequential nature are not highlighted here and the attention of Shareholders is drawn to the New Articles. A copy of the New Articles is available for inspection at Pinsent Masons LLP, CityPoint, One Ropemaker Street, London EC2Y 9AH from 11 April 2008 until and during the Annual General Meeting held on Thursday, 8 May 2008 at 10.00 a.m.

Approach to the CA 2006

The Current Articles have been generally conformed to reflect provisions contained in the CA 2006. Certain examples of such provisions including provisions as to the use of proxies and the appointment of corporate representatives are detailed below. However, there will be new provisions of the CA 2006 which will apply to the Company whether or not such provisions are specifically incorporated in the Current Articles.

Form of resolution

The concept of extraordinary resolutions is no longer used and is not referred to in the CA 2006. Reference to extraordinary resolutions is being replaced in the New Articles with a reference to special resolutions.

The Current Articles allow shareholders to act by written resolution. Under CA 2006, there is no longer a statutory procedure whereby public companies can pass written resolutions. Accordingly these provisions have been removed in the New Articles. Shareholders should note, however, that there remains the common law principle of unanimous agreement which they may seek to rely on.

Chairman's casting vote

The New Articles reflect the removal of the power of the chairman of a general meeting to exercise a casting vote.

Directors' retirement age

It is no longer permissible to oblige the retirement of directors on reaching a specified age. The reference in the Current Articles to the automatic retirement of directors on reaching 70 years old has been removed in the New Articles.

Proxies

The receipt of proxies under the Current Articles was required not less than 48 hours before the time of the meeting. The New Articles reflect CA 2006 and exclude from this period weekends, Christmas Day, Good Friday and bank holidays. Furthermore, a proxy is now entitled to vote on a show of hands at a general meeting and not only on a poll vote. The power of shareholders to appoint multiple proxies (in respect of different shares) is also included in the New Articles.

Corporate Representatives

CA 2006 specifically allows for the appointment of multiple corporate representatives by corporate shareholders. However, CA 2006 provides that where such corporate representatives vote differently, the power to vote is treated as not having been exercised. The New Articles reflect this provision in CA 2006, but in contemplating use of this entitlement Shareholders are asked to consider whether the appointment of multiple proxies (where this conflict restriction does not exist) may be a more convenient means of exercising their voting rights to avoid any inadvertent and unintended non-exercise of voting rights.

Electronic and web communications

Provisions of CA 2006 which came into force in January 2007 enable companies to communicate with members by electronic and/or website communications. The New Articles reflect this power. In order to communicate with a shareholder in this way, the Company is required to obtain its consent to do so. The Company is currently considering its methods of communicating with Shareholders and will decide whether to request the consent of Shareholders in this regard.

Increase in borrowing powers

The limit on the Company's power to borrow is currently the greater of £350 million and twice the Company's adjusted share capital and reserves. Given the future activities include project financing developments it is felt that this limit is too low and it is proposed to increase the limit to £650 million.

RESOLUTION 11 – AMENDMENTS TO ARTICLES OF ASSOCIATION

Conflicts of Interest

From 1 October 2008, under CA 2006, a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with his appointing company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation.

CA 2006 allows directors to authorise conflicts and potential conflicts, where appropriate, if the company's articles of association contain a provision to this effect. CA 2006 also permits articles of association to contain other provisions relating to the authorisation of conflicts of interest in order to avoid directors breaching their duty. The New Articles give authority for Directors to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards that will apply when Directors decide whether to authorise a conflict or potential conflict. Only Directors who have no interest in the matter being considered will be able to take the relevant decision and, in taking the decision, the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is proposed to include provisions relating to confidential information, attendance at Board meetings and any conflicts of interest or potential conflicts of interest which arise in the consequential amendments to the Current Articles. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the Directors.

Directors' indemnities

The CA 2006 has in some areas widened the scope of the powers of a company to indemnify the directors. In particular a company can now indemnify a director of a company that is a trustee of an occupational pension scheme against liability incurred in connection with the company's actions as a trustee of that scheme. It is proposed that this is reflected in the New Articles. The opportunity is also being taken to clarify that, subject to the CA 2006, the Company may grant indemnities to directors of associated companies.

Future changes

Due to phased implementation of the CA 2006, it is likely that future changes to the Articles of Association will be proposed at future general meetings to reflect and incorporate provisions of the CA 2006 which are yet to come into force.

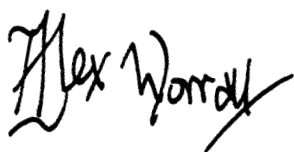
ACTION TO BE TAKEN

A Form of Proxy for use by Shareholders at the Annual General Meeting is enclosed. Whether or not you propose to attend the AGM, you are requested to complete and sign the Form of Proxy in accordance with the instructions printed thereon and return it to the Company registrars, Capita Registrars (Proxies), PO Box 25, Beckenham, Kent BR3 4BR, as soon as possible and in any event so as to be received by the Company no later than 10.00 a.m. on Tuesday, 6 May 2008. You may also deliver by hand to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. The completion and return of the form of proxy will not preclude you from attending the Annual General Meeting and voting in person should you wish to do so.

RECOMMENDATION

Your Directors consider that all the Resolutions in the Notice are in the best interests of the Company and its Shareholders as a whole and we recommend that you vote in favour of them as the Directors intend to do in respect of their own beneficial holdings of 36,608,482 Ordinary Shares, representing 51.21 per cent of the issued share capital of the Company.

Yours faithfully,



ALEX WORRALL
Chairman

HELIUS ENERGY PLC

(a company incorporated in England and Wales and registered with number 5745512)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Helius Energy plc (the “Company”) will be held at 10.00 a.m. on Thursday, 8 May 2008 at the offices of Pinsent Masons LLP, CityPoint, One Ropemaker Street, London EC2Y 9AH for the purpose of considering and, if thought fit, passing the following resolutions, which will be proposed, in the case of Resolutions 1 to 8 (inclusive) as ordinary resolutions and in the case of Resolutions 9 to 11 (inclusive) as special resolutions:

ORDINARY RESOLUTIONS

1. **THAT** the report of the Directors and the accounts for the year ended 30 September 2007 together with the report of the auditors thereon be received and considered.
2. **THAT** BDO Stoy Hayward LLP be re-appointed as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company at a remuneration to be fixed by the directors of the Company from time to time.
3. **THAT** Alan Lyons, having been appointed on 7 May 2007, who retires and is eligible for re-election, be re-elected as a Director of the Company.
4. **THAT** Demetri Pappadopoulos, having been appointed on 8 May 2007, who retires and is eligible for re-election, be re-elected as a Director of the Company.
5. **THAT**, the authorised share capital of the Company be increased from £1,000,000 to £1,500,000 by the creation of a further 50,000,000 ordinary shares of 1p each in the capital of the Company (“**Ordinary Shares**”) such new Ordinary Shares to rank *pari passu* in all respects with the existing ordinary shares.
6. **THAT**, conditional upon the passing of Resolution 5 above, the directors of the Company from time to time be and they are hereby generally and unconditionally authorised in accordance with the Companies Act 1985 (as amended) (the “**Act**”) to exercise all powers of the Company to allot relevant securities within the meaning of section 80 of the Act up to the aggregate nominal amount of £409,792 provided that the authority hereby conferred shall operate in substitution for and to the exclusion of any previous authority given to the directors pursuant to section 80 of the Act and shall expire on whichever is the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2009 and 8 August 2009 unless such authority is renewed, varied, or revoked by the Company in general meeting save that the Company may at any time before such expiry make an offer or agreement which might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired.
7. **THAT**, the Company be and is generally and unconditionally authorised for the purposes of section 166 of the Act to make one or more market purchases (within the meaning of section 163(3) of the Act) on the Alternative Investment Market provided that:
 - (a) the maximum aggregate number of Ordinary Shares authorised to be purchased is 7,118,000 (representing approximately 10 per cent. of the Company’s issued ordinary share capital);
 - (b) the minimum price which may be paid for an Ordinary Share is 1p per share;
 - (c) the maximum price which may be paid for an Ordinary Share shall not be more than 5 per cent. above the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Ordinary Share is purchased;
 - (d) unless previously renewed, varied or revoked, the authority conferred shall expire at the conclusion of the Company’s Annual General Meeting to be held in 2009 or, if earlier, 8 August 2009; and
 - (e) the Company may make a contract or contracts to purchase Ordinary Shares under the authority conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.
8. **THAT**, in accordance with section 366 of the Companies Act 2006 (“**CA 2006**”), the Company and its subsidiaries are hereby authorised to:
 - (a) make political donations to political organisations or independent election candidates, as defined in sections 363 and 364 of CA 2006, not exceeding £50,000 in total; and
 - (b) incur political expenditure, as defined in section 365 of CA 2006, not exceeding £50,000 in totalduring the period commencing on the date of this resolution and ending on the conclusion of the Annual General Meeting of the Company to be held in 2009 or, if earlier, 8 August 2009.

SPECIAL RESOLUTIONS

9. **THAT**, subject to the passing of Resolution 6, the Directors of the Company from time to time be and they are hereby empowered pursuant to section 95 of the Act to allot equity securities (as defined in section 94 of the Act) for cash as if section 89(1) of the Act did not apply to any such allotment pursuant to the general authority conferred on them by Resolution 6 provided that such power shall be limited to:
 - (a) the allotment of equity securities in connection with a rights issue or any other pre-emptive offer in favour of holders of equity securities in proportion (as nearly as may be) to the respective amounts of equity securities held by them subject only to such exclusions or other arrangements as the directors may deem necessary or expedient or consider appropriate to deal with fractional entitlements or legal or practical difficulties under the laws of any territory or the requirements of any regulatory body or stock exchange or otherwise;

- (b) the allotment (otherwise than pursuant to paragraph (a) above) of equity securities for cash up to an aggregate nominal amount of £90,909.10 pursuant to the issue of the Convertible Loan Notes with a nominal value of up to £2,000,000 (convertible into a maximum of 9,090,910 new Ordinary Shares) as referred to in the circular to shareholders dated 11 April 2008;
- (c) the allotment (otherwise than pursuant to paragraphs (a) and (b) above, of equity securities for cash up to an aggregate nominal amount of £77,478.68 pursuant to the grant of options;
- (d) the allotment (otherwise than pursuant to paragraphs (a) to (c) inclusive above) of equity securities for cash up to an aggregate nominal amount of £96,153.85 pursuant to the convertible £2.5 million loan facility agreement entered into between the Company and General Capital Venture Finance Limited on 15 January 2007 and as further detailed in the Company's admission document dated 25 January 2007;
- (e) the allotment (otherwise than pursuant to paragraphs (a) to (d) inclusive above) of equity securities for cash up to an aggregate nominal amount of £3,889.04 pursuant to the option granted to Daniel Stewart & Company plc on 25 January 2007, at the time of the Company's admission to AIM and as further detail in the Company's admission document dated 25 January 2007; and
- (f) the allotment (otherwise than pursuant to paragraphs (a) to (e) inclusive above) of equity securities up to an aggregate nominal amount of £35,590 representing approximately 5 per cent of the nominal value of the current issued share capital of the Company.

and the power hereby conferred shall operate in substitution for and to the exclusion of any previous power given to the directors pursuant to section 95 of the Act and shall expire on whichever is the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2009 and 8 August 2009 unless such power is renewed or extended prior to or at such meeting except that the Company may before the expiry of any power contained in this resolution 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 hereby had not expired.

- 10. **THAT**, with immediate effect, the Articles of Association produced to the meeting and for the purposes of identification marked 'A' and signed by the Chairman of the meeting, be adopted in substitution for and to the exclusion of the existing Articles of Association of the Company.
- 11. **THAT**, subject to the passing of Resolution 10, the Articles of Association of the Company shall be amended with effect from (and including) 1 October 2008 (or such later date as section 175 of CA 2006 shall be brought into force) by making the alterations referred to in the circular to shareholders dated 11 April 2008.

BY ORDER OF THE BOARD

Michelle Susette Morris
Company Secretary
11 April 2008

REGISTERED OFFICE:

South Tees Business Centre
Puddlers Road
Middlesbrough
TS6 6TL

NOTES

- 1. A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. The proxy need not be a member of the Company.
- 2. To be effective, the instrument appointing a proxy and any authority under which it is executed (or a notarially certified copy of such authority) must be deposited with the Company's registrars, Capita Registrars, PROXIES, PO Box 25, Beckenham, Kent BR3 4BR not less than 48 hours before the time for holding the meeting. You may also deliver by hand to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. A form of proxy is enclosed with this notice. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting.
- 3. The following documents will be available for inspection at the registered office of the Company during usual business hours from the date of this notice until the date of the meeting and at the venue of the meeting for at least 15 minutes prior to the meeting:-
 - (a) copies of all Directors' service contracts; and
 - (b) the Memorandum and Articles of Association of the Company,

From the date of this notice until the conclusion of the Annual General Meeting a version of the Articles of Association showing the changes proposed by Resolution 10 and Resolution 11 will be available for inspection at the registered office of the Company, at the offices of Arbutnot Securities Limited and, for at least 15 minutes before the Annual General Meeting commences and during the Annual General Meeting at the place of the Annual General Meeting.

- 4. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specified that only those shareholders registered in the relevant register of members of the Company at 6.00 p.m. on Tuesday, 6 May 2008 shall be entitled to attend and vote at the Annual General Meeting or, if the meeting is adjourned, close of business on such date being not more than two days prior to the date fixed for the adjourned meeting. Changes to entries on the register of members after that time shall be disregarded in determining the right of any person to attend or vote at the meeting.
- 5. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that:
 - (a) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and
 - (b) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.

Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrative on proxies and corporate representatives (<http://www.icsa.org.uk/>) for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in (a) above.

- 6. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate 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.