THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or about what action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional advisor authorised under the Financial Services and Markets Act 2000, as amended, if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or transferred all your ordinary shares in RURELEC PLC (the "**Company**"), please send this document (together with the accompanying annual report and accounts and form of proxy) as soon as possible to the stockbroker or other agent through whom you made the sale or transfer for transmission to the purchaser or transferee of the shares.

LETTER FROM THE NON-EXECUTIVE DIRECTOR OF RURELEC PLC

(Registered in England and Wales with registered number 4812855)

Directors
Simon Morris (*Executive Director*)
Brian Rowbotham (*Non-Executive Director*)

18 Soho Square
London
W1D 3QL

15 July 2016

Dear Shareholder,

Annual General Meeting and Report and Accounts

This year's Annual General Meeting ("**AGM**") will be held at the offices of W.H. Ireland Group PLC at 24 Martin Lane, London, EC4R 0DR at 11.00 a.m. on 10 August 2016. At the end of this letter, you will find a notice convening the AGM.

Copies of the annual report and accounts of the Company for the financial year ended 31 December 2015 (the "**Report and Accounts**") are enclosed with this letter. The business of the AGM will be to receive the Report and Accounts and to conduct the other ordinary business and special business of the Company as set out in the notice. An explanation of the business that is proposed to be conducted at the AGM is set out in Schedule 1 to this letter.

Action to be taken

You will find enclosed with this letter a form of proxy for use in connection with the AGM. Whether or not you intend to be present at the AGM, you are asked to complete the form of proxy in accordance with the instructions printed on it so that the form may be received by the Company's Registrars, Capita Asset Services, PXS, 34 Beckenham Road, Kent BR3 4TU as soon as possible but in any event not later than 11.00 a.m. on 8 August 2016. Completion of the form of proxy will not preclude you from attending and voting at the AGM should you so wish and are so entitled.

Yours sincerely

Brian Rowbotham
Non-Executive Director

RURELEC PLC (the "Company")

(Company No. 4812855)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at the offices of W.H. Ireland Group PLC at 24 Martin Lane, London, EC4R 0DR at 11.00 a.m. on 10 August 2016 for the purpose of considering and, if thought fit, approving the following resolutions, of which resolutions 1 to 5 (inclusive) will be proposed as ordinary resolutions and resolution 6 will be proposed as a special resolution.

ORDINARY RESOLUTIONS

1. To receive and consider the Company's audited accounts for the financial year ended 31 December 2015 together with the directors' report and the auditor's report on those accounts;

2. To elect Simon Charles Morris as a director, who retires by rotation in accordance with the Company's articles of association;

3. To re-elect Brian Rowbotham as a director, who retires by rotation in accordance with the Company's articles of association;

4. To re-appoint Grant Thornton UK LLP as the Company's auditors to act as such until the conclusion of the next General Meeting at which the accounts are laid before the Company in accordance with section 437(1) of the Companies Act 2006 (the "**Act**") and to authorise the directors of the Company to fix its remuneration;

5. That the directors of the Company be and are hereby generally and unconditionally authorised pursuant to section 551 of the Act to exercise all powers of the Company to allot shares in the Company, or grant rights to subscribe for, or convert any security into, shares in the capital of the Company:

   (a) up to an aggregate nominal amount of £3,742,584; and

   (b) comprising equity securities (within the meaning of section 560 of the Act) up to a nominal amount of £7,485,168 (including within such limit any shares allotted or rights granted under paragraph (a) above) in connection with an offer by way of a rights issue:

      (i) to the holders of the ordinary shares of 2 pence each in the capital of the Company ("**Ordinary Shares**") in the capital of the Company in proportion (as nearly as may be practicable) to their existing holdings (excluding any shares held by the Company as treasury shares); and

      (ii) to holders of other equity securities in the Company as required by the rights of those securities or as the directors otherwise consider necessary,

   and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate in respect of any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange, provided that the authority granted by this resolution shall (unless previously revoked, varied or extended by the Company in general meeting) expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, on the date falling 15 months from the date of the passing of this resolution, save that the Company may at any time before such expiry make an offer or agreement which would or might require shares to be allotted or rights to be granted after such expiry and the directors may allot shares or grant rights in pursuance of such an offer or agreement as if this authority had not expired.

SPECIAL RESOLUTION

6. That subject to the passing of resolution 5, the directors be and they are hereby empowered to allot equity securities (as defined in section 560 of the Act) of the Company for cash pursuant to the authority given by resolution 5 and/or where the sale of treasury shares is treated as an allotment of equity securities under section 560(2)(b) of the Act, in either case as if section 561(1) of the Act did not apply to such allotment provided that such power shall be limited:

   a. to the allotment of equity securities in connection with an issue or offer of equity securities (but in the case of the authority granted under paragraph (b) of resolution 5, by way of a rights issue only):

      i. to the holders of the Ordinary Shares in the capital of the Company in proportion as nearly as practicable to their respective holdings of such shares (excluding any shares held by the Company as treasury shares);

      ii. to holders of other equity securities in the Company as required by the rights of those securities or as the directors otherwise consider necessary,

      and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate in respect of any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange; and

   b. in the case of the authority granted under paragraph (a) of resolution 5 and/or in the case of any sale of treasury shares which is treated as an allotment of equity securities under section 560(2)(b) of the Act, to the allotment otherwise than pursuant to paragraph (a) above, of equity securities up to an aggregate nominal value equal to £561,387,

   provided that such power shall (unless previously revoked, varied or extended by the Company in general meeting) expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, on the date falling 15 months from the date of the passing of this resolution, save that the Company may at any time before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

BY ORDER OF THE BOARD

Susan Laker
Company Secretary

Registered Office
RURELEC PLC
18 Soho Square
London
W1D 3QL

15 July 2016

Notes:

1. A member of the Company entitled to attend and vote at the meeting convened by the notice set out above is entitled to appoint one or more proxies to attend, speak and vote in that member's place. A proxy need not be a member of the Company. More than one proxy may be appointed to exercise the rights attaching to different shares held by the member but a member may not appoint more than one proxy to exercise rights attached to any one share. A form of proxy is enclosed. To appoint more than one proxy, you may photocopy the enclosed form of proxy.

2. To be effective, completed forms of proxy and the power of attorney or other authority (if any) under which they are signed or a copy of that power or authority certified by a notary or in accordance with the Powers of Attorney Act 1971 must be lodged in accordance with the instructions printed thereon and must be received by hand or by post at Capita Asset Services, PXS, 34 Beckenham Road, Beckenham BR3 4TU by 11.00 a.m. on 8 August 2016 or not later than 48 hours before the time appointed for any adjourned meeting.

3. Completion and return of a form of proxy (or any CREST Proxy Instruction as described in paragraphs 6 to 9 below) will not preclude a member from attending and voting at the meeting in person should they wish to do so and are so entitled.

4. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members registered in the register of members of the Company as at close of business on 8 August 2016 or at close of business on the date which is 2 days before any adjourned meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting and for the purpose of determining the number of votes a member may cast.

5. In the case of a member which is a corporation, the form of proxy must be executed under its common seal or signed by an officer of the corporation or an attorney for the corporation. Alternatively a member who is a corporation can appoint one or more corporate representatives who may exercise, on its behalf, all of the powers as a member provided that they do not do so in relation to the same shares. A resolution of the directors, or other governing body, of the corporation will be required in order to evidence the valid appointment of the corporate representative, in accordance with section 323 of the Companies Act 2006.

6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual (available via www.euroclear.com/CREST). 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.

7. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited ("Euroclear"), and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, to be valid, be transmitted so as to be received by Capita Asset Services (participating ID RA10) by the latest time for receipt of proxy appointments specified in this notice of meeting. 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 issuer'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.

8. CREST members and, where applicable, their CREST sponsors, or voting service provider should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, 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 system provider are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

9. 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.

10. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

11. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

12. As at 14 July 2016 (being the last practicable date prior to the publication of this notice of meeting), the Company's issued share capital consists of 561,387,586 ordinary shares carrying one vote each. Therefore the total voting rights in the Company as at 14 July 2016 are 561,387,586.

13. Except as provided above, members who have general queries about the Annual General Meeting should call Capita Asset Services' shareholder helpline on 0871 664 0300. Calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9.00 a.m. – 5.30 p.m. Monday to Friday, excluding public holidays in England and Wales, and calls may be recorded and randomly monitored for security and training purposes. You may not use any electronic address (within the meaning of section 333(4) of the Companies Act 2006) provided either in this notice of meeting or any related documents (including the Non-Executive Director's Letter, the Report and Accounts and the Form of Proxy) to communicate with the Company for any purposes.

14. Your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your reference number (as attributed to you by the Company or its registrars). The Company determines the purposes for which, and the manner in which, your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's registrars) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.

SCHEDULE 1

EXPLANATORY NOTES TO THE BUSINESS TO BE PROPOSED AT THE AGM

The notes on the following pages give an explanation of the proposed resolutions.

Resolutions 1 to 5 (inclusive) will be proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolutions. Resolution 6 will be proposed as special resolution. This means that for that resolution to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 1: Report and Accounts

The directors are required to present to the shareholders at the AGM the audited accounts of the Company and the report of the directors and auditors for the year ended 31 December 2015.

Resolutions 2, and 3: Re-election of Directors

In accordance with Articles 22.5 and 22.6 of the articles of association of the Company, Brian Rowbotham will retire by rotation at the AGM and will seek reappointment. Simon Morris was appointed as an executive director on 19 July 2015 and is seeking election by shareholders at the first annual general meeting after his appointment. The biographical details of each of these directors are set out on page 6 of the Report and Accounts.

Following formal performance evaluation, the Board has determined that each of the directors' performance continues to be effective and each of the directors continues to demonstrate commitment to their roles.

Resolution 4: Reappointment of Auditors and Auditors Remuneration

Grant Thornton UK LLP has agreed to continue as the Company's auditor until the conclusion of the next general meeting at which the accounts are laid before the Company. Resolution 4 proposes the reappointment of Grant Thornton UK LLP and authorises the board to determine the auditors' remuneration.

Resolution 5: Authority to Allot Shares

Under the Companies Act 2006 (the "**Act**"), the directors of a company may only allot unissued shares in the capital of the company or grant rights to subscribe for, or convert any security into, shares in the company if they are authorised to do so by the shareholders at a general meeting or by the company's articles of association.

Paragraph (a) of this resolution would give the directors the authority to allot shares, or grant rights to subscribe for, or convert any securities into shares in the capital of the Company, up to an aggregate nominal amount of £3,742,584 (representing 187,129,195 Ordinary Shares). This amount represents approximately 33.33 per cent. of the nominal value of the issued ordinary share capital (excluding treasury shares) of the Company as at 14 July 2016, being the latest practicable date prior to publication of this notice of AGM (the "**Latest Practicable Date**"). The Company has proposed resolutions on this basis for a number of years.

Paragraph (b) of this resolution would give the directors the authority to allot shares, or grant rights to subscribe for, or convert any securities into shares in the capital of the Company solely in connection with a rights issue, to existing shareholders in proportion (as nearly as may be practicable) to their existing holdings, up to an aggregate nominal amount of £7,485,168, (representing 374,258,380 Ordinary Shares), as reduced by the nominal amount of any shares issued under paragraph (a) of this resolution. This amount (before any reduction) represents approximately 66.66 per cent. of the issued ordinary share capital (excluding treasury shares) of the Company as at the Latest Practicable Date. On 30 June 2014, the Investment Affairs division of the ABI merged with the Investment Management Association to form The Investment Association. The Investment Association has assumed

responsibility for guidance previously issued by the ABI and in July 2014 issued new 'Share Capital Management Guidelines' setting out the expectations of members of the Investment Association as institutional investors on various aspects of share capital management including directors' authority to allot shares. As with the previous ABI guidelines, guidelines of the Investment Association on directors' authority to allot shares state that the Investment Association's members will permit, and treat as routine, resolutions seeking authority to allot shares representing up to two-thirds of the Company's issued share capital. The guidelines provide that the extra routine authority (that is the authority to allot shares representing the additional one-third of the Company's issued share capital) should only be used to allot shares pursuant to a fully pre-emptive rights issue.

The authority and power pursuant to Resolution 5 will expire on the later of 15 months from the date Resolution 5 is passed or the conclusion of the Company's next annual general meeting.

The Board will continue to seek to renew these authorities at each annual general meeting in accordance with current best practice. The Board has no present intention to exercise these authorities, but consider it desirable that they should have the flexibility to allot shares, or grant rights to subscribe for, or convert any securities into shares, if circumstances arise where it may be advantageous for the Company to do so.

Resolution 6: Disapplication of Pre-emption Rights

This resolution would give the board the authority to allot shares, or grant rights to subscribe for, or convert any securities into shares in the capital of the Company (or sell any shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings pursuant to the statutory pre-emption rights.

This authority would be limited to allotments in connection with a rights issue and otherwise up to a maximum aggregate nominal amount of £561,387 (representing 28,069,380 Ordinary Shares). This aggregate nominal amount represents approximately 5 per cent. of the issued Ordinary Share capital (including treasury shares) of the Company as at the Latest Practicable Date.

The authority and power pursuant to Resolution 6 will expire on the later of 15 months from the date Resolution 6 is passed or the conclusion of the Company's next annual general meeting.