THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action to take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent adviser authorised pursuant to the Financial Services and Markets Act 2000.

If you have sold or transferred all of your ordinary shares in Rurelec PLC, please send this document immediately to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into the United States, Canada, Australia, Japan, South Africa or New Zealand or in or into any other jurisdiction where it would be unlawful to do so.

Rurelec PLC

("Rurelec" or the "Company")

(Company number: 04812855)

Directors:
Andrew Coveney (Executive Director)
Simon Morris (Executive Director)
Brian Rowbotham (Senior Independent Non-Executive Director)

Registered Office:
18 Soho Square,
London,
England,
W1D 3QL

To the holders of Ordinary Shares and all persons with information rights

Announcement regarding Possible Offer

In accordance with Rule 2.11 of the City Code on Takeovers and Mergers (the "Code"), we hereby notify you that following a recent rise in the Company's share price, on 11 October 2017 Rurelec plc released an announcement confirming that it is in the early stages of discussions with a consortium led by Peter Earl (former Chief Executive Officer of Rurelec), which may or may not be funded by IEH Limited, a company connected to Rurelec's joint venture partner in Patagonia Energy Limited (the "Consortium") regarding a possible offer for the entire issued and to be issued share capital of Rurelec.

A copy of this announcement is enclosed and is also available on the Company's website at:

http://irservices.netbuilder.com/ir/rurelec/newsArticle.php?id=2260000&ST=RUR

Please note that addresses, electronic addresses and certain other information provided by you for the receipt of communications from the Company (e.g. elections to receive communications in a particular form) may be provided to the Consortium during the offer period as required under Section 4 of Appendix 4 of the Code.

Yours faithfully,

Simon Morris
Executive Director

RNS Number: 3413T
Rurelec PLC
11 October 2017

Not for release, publication or distribution (in whole or in part), directly or indirectly in, into or from any jurisdiction where to do so would constitute a violation of the relevant laws or regulations of such jurisdiction.

This is an announcement falling under Rule 2.4 of the City Code on Takeovers and Mergers (the "Code") and does not constitute an announcement of a firm intention to make an offer under Rule 2.7 of the Code. There can be no certainty that an offer for Rurelec will ultimately be made, nor as to the terms on which any offer might be made.

Rurelec PLC

("Rurelec")

Statement re share price movement

Rurelec notes the recent rise in the share price of the Company and confirms that it is in the early stages of discussions with a consortium led by Peter Earl (former Chief Executive Officer of Rurelec), which may or may not be funded by IEH Limited, a company connected to Rurelec's joint venture partner in Patagonia Energy Limited (the "Consortium") regarding a possible offer for the entire issued and to be issued share capital of Rurelec.

These discussions are at an early stage and there can be no certainty that any offer for Rurelec will ultimately be made, nor as to the terms of any such offer, should one be forthcoming. This announcement does not amount to a firm intention to make an offer under Rule 2.7 of the City Code on Takeovers and Mergers (the "Code").

As a consequence of this announcement, an 'Offer Period' has now commenced in respect of Rurelec in accordance with the rules of the Code. The attention of Rurelec's shareholders is drawn to the disclosure requirements of Rule 8 of the Code, which are summarised below.

In accordance with Rule 2.6(a) of the Code, the Consortium must, by not later than 5.00 p.m. on 8 November 2017, either announce a firm intention to make an offer for Rurelec in accordance with Rule 2.7 of the Code or announce that it does not intend to make an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline will only be extended with the consent of the Panel on Takeovers and Mergers ("the Panel").

A further announcement will be made as and when appropriate.

In accordance with Rule 26.1 of the Code, a copy of this announcement will be published on Rurelec's website at www.rurelec.com. The content of this website is not incorporated in, and does not form part of, this announcement.

Enquiries:

Rurelec PLC
Simon Morris, Director
Andy Coveney, Director
Tel: 020 7025 8026/8

WH Ireland Limited
Paul Shackleton and James Bavister

Tel: 020 7220 1666

WH Ireland Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting for Rurelec in relation to the matters described in this announcement and is not advising any other person, and accordingly will not be responsible to anyone other than Rurelec for providing the protections afforded to clients of WH Ireland Limited or for providing advice in relation to the matters described in this announcement or any matter referred to herein.

This announcement does not constitute an offer to purchase any securities, or an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any offer to purchase or sell securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The release, distribution or publication of this announcement in jurisdictions other than the UK may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the UK should inform themselves about and observe any applicable requirements.

Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under

Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

The defined terms used in this section "Disclosure requirements of the Code" are defined in the Code which can be found on the Takeover Panel's website.

Publication on website

In accordance with Rule 30.4 of the Code, a copy of this announcement will be made available (subject to certain restrictions relating to persons resident in restricted jurisdictions) at www.rurelec.com by no later than 12 noon (London time) on the business day following the release of this announcement. The content of the website referred to in this announcement is not incorporated and does not form part of this announcement.

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