THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to what action you should take, you are recommended to immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised pursuant to the Financial Services and Markets Act 2000 (as amended) who specialises in advising on the acquisition of shares and other securities.

If you have sold or otherwise transferred all of your ordinary shares in the capital of Rurelec PLC (the "Company"), please immediately forward this document, together with the accompanying Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of ordinary shares in the Company you should retain these documents.

RURELEC PLC

(*Incorporated in England and Wales under the Companies Act 1985 and 2006 with registered number 04812855*)

Proposed reduction of the Share Premium Account

Notice of General Meeting

The Directors, whose names appear on page 5 of this document, accept responsibility, both collectively and individually, for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This document should be read in its entirety. Your attention is drawn to the letter from the Chairman of Rurelec PLC set out in this document, which confirms that the Directors unanimously recommend that you vote in favour of the Resolution to be proposed at the General Meeting referred to below.

Notice convening a General Meeting of the Company to be held at 10.30 a.m. on 25 November 2014 at the offices of Rurelec PLC, Millbank Tower, 21-24 Millbank, 17th Floor, London SW1P 4QP is set out at the end of this document. All Shareholders are urged to complete, sign and return the enclosed Form of Proxy, whether or not they intend to be present at the meeting, in accordance with the instructions printed thereon so as to arrive as soon as possible and in any event, in order to be valid, so as to be received by the Company's Registrars, Capita Asset Services, PXS1, 34 Beckenham Road, Kent BR3 4ZF not later than 10.30 a.m. on 21 November 2014. The completion and return of a Form of Proxy will not preclude a Shareholder from attending and voting in person at the General Meeting should he, or she, wish to do so.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	10 November 2014
Latest time and date for receipt of Forms of Proxy for the General Meeting	10.30 a.m. on 21 November 2014
Date and time of General Meeting	10.30 a.m. on 25 November 2014
Expected date for confirmation of the Capital Reduction by the High Court	17 December 2014
Expected Effective Date of the Capital Reduction	19 December 2014

Notes:

(1) All references in this document to time are to London time.

(2) If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders via an appropriate announcement on a Regulatory Information Service.

(3) All events in the above timetable following the holding of the General Meeting are conditional upon: (i) the passing of the Resolution; (ii) approval of the Capital Reduction by the High Court; and (iii) registration of the High Court Order confirming the Capital Reduction with the UK Registrar of Companies.

DEFINITIONS

The following definitions apply throughout this document (including the enclosed Notice of General Meeting) and in the accompanying Form of Proxy, unless the context requires otherwise:

"Articles"	the articles of association of the Company, as adopted by special resolution of the Company passed on 30 June 2010;
"Board" or **"Directors"**	the directors of the Company, as at the date of this document, whose names are set out on page 5 of this document;
"Capita"	the Company's registrars, Capita Asset Services, PXS1, 34 Beckenham Road, Kent BR3 4ZF;
"Capital Reduction"	the proposed reduction of the Company's share premium account;
"Company" or **"Rurelec"**	Rurelec PLC, a company incorporated in England and Wales with registered number 04812855 whose registered office is at Millbank Tower, 21-24 Millbank, 17th Floor, London SW1P 4QP;
"Companies Act" or **"Act"**	the Companies Act 2006;
"Effective Date"	19 December 2014;
"Form of Proxy"	the form of proxy which accompanies this document for use by Shareholders in connection with the General Meeting;
"General Meeting"	the general meeting of the Company convened to be held at 10.30 a.m. on 25 November 2014 and any adjournment thereof, to consider and, if thought fit, pass the Resolution, notice of which is set out at the end of this document;
"High Court"	the High Court of England and Wales;
"Notice of Meeting" or **"Notice"**	the notice of General Meeting set out at the end of this document;
"Resolution"	the special resolution to be proposed at the General Meeting as set out at the end of this document and reference to a Resolution is to the resolution set out in the Notice of General Meeting;
"Shareholders"	holders of Shares in the Company from time to time;
"Share Premium Account"	the share premium account of the Company;
"Shares"	ordinary shares of £0.02 each in the capital of the Company;
"UK"	the United Kingdom of Great Britain and Northern Ireland.

RURELEC PLC

(*Incorporated in England and Wales under the Companies Act 1985 and 2006 with registered number 04812855*)

Directors:
Colin Emson (*Chairman*)
Peter Earl (*Chief Executive*)
Andrew Morris (*Group Finance Director*)
Elizabeth Shaw (*Project Finance Director*)
Marcelo Blanco (*Executive Director*)
Brian Rowbotham (*Non-Executive Director*)

Registered office:
Millbank Tower
21-24 Millbank
17th Floor
London SW1P 4QP

10 November 2014

Dear Shareholder

Proposed reduction of the Share Premium Account

Notice of General Meeting

I am writing to you to set out details of your Board's proposal to reduce the Share Premium Account of the Company (the "**Capital Reduction**"). The rationale for this proposal is to permit Rurelec to return as quickly as possible to paying dividends to shareholders.

The purpose of this document is to provide you with details of the Capital Reduction and the Resolution to be proposed to Shareholders at the forthcoming General Meeting. Your Board considers that the Resolution to be proposed at the General Meeting is in the best interests of the Company and its Shareholders as a whole and unanimously recommends that you vote in favour of this Resolution. The formal Notice of the General Meeting is set out at the end of this document and a Form of Proxy is also enclosed for you to complete and return.

In the interim results released on 30 September 2014, I wrote that the Company was exploring one or more major alliances in Latin America. This will allow the Company to accelerate its growth without further capital from existing shareholders and this is part of a wider strategy to return to paying dividends. I am pleased to report that we now have broad agreement for a series of transactions which will cement our alliances and take us closer to our aim to resume dividend payments to shareholders from 2015.

As shareholders will have seen from both the annual report issued on 6 June 2014 as well as from the interim results, the Bolivian arbitration award and the resulting settlement eliminated the Group's distributable reserves leaving a deficit of over £22 million. It would take many years of profits from operations to remove that deficit and in the intervening period the Company would be unable to pay dividends. To overcome this problem, the Company has applied to the High Court for permission to reduce the Company's Share Premium Account in order to eliminate the deficit and to create distributable reserves. If approved, this will permit a return to dividend payments as soon as the Company records a profit and only if the directors believe it prudent to propose to shareholders the payment of a dividend. There can be no guarantee of the timing of any dividend payment, if at all.

The partnership transactions now being finalised each assume the sell down of a share stake in one of the Group's regional holding companies. If the Company is successful in closing these transactions, we expect to record development profits on the portfolio of underlying projects. Since 2013, the Company's business has included the development of new power plants as well as the ownership and operation of existing power plants held for investment. Developers make money by selling share stakes in their

developments. Any sale of a share stake at a premium will constitute a realisation of a profit from which dividends could be paid.

At a time when shareholders may have despaired at seeing daily the large discount to net assets at which the Company's shares are currently trading, the Board believes that the resumption of dividend payments will position the Company on the stock market as an income producing utility, in line with the Company's trading performance in its early days as the first utility company traded on the AIM Market. We believe that the opportunities offered to us and our current projects reflect our credibility in South America following many years of successful power development there. We are confident that we can turn this into shareholder value as we put the difficulties of the Bolivian settlement behind us.

I therefore urge you to read this circular with great care and to vote in favour of the proposals which it contains.

1. Background to the Capital Reduction

At the date of this document, the Company has accumulated losses on its profit and loss account of £7,371,683. The existence of these losses prevents the Company from paying dividends to its shareholders out of future profits until these losses have been eliminated. Given the size of the accumulated losses, there is in the opinion of the Board no reasonable prospect of the losses being eliminated in the short term. It is therefore proposed that the deficit on the profit and loss account should be eliminated. This would be achieved by the reduction in the balance on the Share Premium Account of the Company by an amount equal to that deficit together with a further sum which will create a positive balance on the profit and loss account.

The Company has built up a substantial Share Premium Account through the issue of shares for cash at values in excess of the nominal value of those shares. At the date of this document, the balance standing to the credit of the share premium account is £67,835,921. It is proposed that the Share Premium Account be reduced in an amount of £45,000,000 to £22,835,921.

If approved by Shareholders and subsequently confirmed by the High Court in the terms proposed by your Board, the effect of the Capital Reduction will be to release part of the amount standing to the credit of the Share Premium Account of the Company so that £45,000,000 (i) may be used by the Company to eliminate the deficit on the profit and loss account and (ii) the balance credited to the distributable reserves of the Company to allow the Company to pay dividends in due course.

The implementation of the Capital Reduction is subject to a number of criteria and legal processes which are explained further below.

2. Capital Reduction – Share Premium Account

Share premium is treated as part of the capital of the Company and arises on the issue by the Company of shares at a premium to their nominal value. The premium element is credited to the Share Premium Account. The Company is generally precluded from the payment of any dividends or other distributions or the redemption or buy back of its issued shares in the absence of sufficient distributable reserves, and the Share Premium Account can be applied by the Company only for limited purposes.

In particular, the Share Premium Account is a non-distributable capital reserve and the Company's ability to use any amount credited to that reserve is limited by the Companies Act. However, with the approval of its shareholders by way of a special resolution and subsequent confirmation by the High Court, a company may reduce or cancel its share premium account and in certain circumstances either return all or part of the sum arising to shareholders as a return of capital, or credit some or all of such sum arising to its profit and loss account.

To the extent that the release of such a sum from the Share Premium Account creates or increases a credit on the profit and loss account, that sum represents distributable reserves of the Company.

3. Capital Reduction – Procedure

In order to effect the Capital Reduction, the Company firstly requires the authority of its Shareholders by the passing of a special resolution at the General Meeting to approve and effect the reduction of the Share Premium Account.

Secondly, the Capital Reduction must be confirmed by the High Court, to which the Company will make an application if the special resolution is passed.

The Capital Reduction will take effect when the Order of the High Court confirming it and a statement of capital approved by the High Court have been registered with the Registrar of Companies. The Effective Date of the Capital Reduction is currently expected to be 19 December 2014. That date is likely to be within a few working days after the hearing at which the Capital Reduction is confirmed by the High Court, which is currently expected to be on or around 17 December 2014.

In order to approve the Capital Reduction, the High Court will need to be satisfied that the interests of the Company's creditors will not be prejudiced by the Capital Reduction. The Company is not required to seek written consent to the Capital Reduction from its creditors. However, for the benefit of those of its creditors from whom consent is not required, the Company may be obliged to provide security in a form acceptable to the High Court. This is in order that the Capital Reduction can be confirmed by the High Court on terms that will permit any part of the sum released by the Capital Reduction either to be returned to Shareholders as a capital payment or credited to the profit and loss account of the Company so as to create distributable reserves.

If the Company is unable in the timetable proposed to obtain consent from, or is unable or unwilling to provide security (where security is required) for all such creditors, then the amount released by the Capital Reduction, when the Capital Reduction is confirmed by the High Court, will remain undistributable for the time being until any such outstanding consents have been obtained, security (where security is required) has been put in place, or the relevant obligations have been discharged, and the Company may be required to give an undertaking to that effect to the High Court.

The Board reserves the right (where necessary by application to the High Court) to abandon, discontinue or adjourn any application to the High Court for confirmation of the Capital Reduction, and hence the Capital Reduction itself, if the Board believes that the terms required to obtain confirmation are unsatisfactory to the Company or if as the result of a material unforeseen event the Board considers that to continue with the Capital Reduction is inappropriate or inadvisable.

4. The Resolution

An explanation of the Resolution which is to be proposed as special business at the General Meeting is set out below:

Capital Reduction – Reduction of the Share Premium Account

The resolution reduces the amount standing to the credit of the share premium account of the Company by £45,000,000.

The Capital Reduction does not affect the number of Shares in issue, the nominal value per Share or the voting or dividend rights of any Shareholder.

5. Action to be taken

A reply-paid Form of Proxy for use in connection with the General Meeting is enclosed with this document. Whether or not you intend to be present at the General Meeting, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions printed thereon to the Company's registrars, Capita Asset Services, PXS1, 34 Beckenham Road, Kent BR3 4ZF as soon as possible and, in any event, not later than 10.30 a.m. on 21 November 2014, being 48 hours before the time of the General Meeting. The completion and return of a Form of Proxy will not preclude you from attending the General Meeting and voting in person should you subsequently wish to do so.

The proposals can only be implemented if the Resolutions are approved by the requisite majority at the General Meeting and the Capital Reduction is confirmed by the High Court. It is therefore important that you vote either in person or by proxy at the General Meeting.

6. Recommendation

Your Board considers that the passing of the Resolution to be proposed at the General Meeting is in the best interests of the Company and its Shareholders as a whole. Accordingly, your Directors unanimously recommend that you vote in favour of the Resolution set out in the Notice of General Meeting as the Directors intend to do so in respect of their own beneficial shareholdings totalling 9,412,700 Shares, representing approximately 1.67 per cent. of the Company's issued ordinary share capital as at the date of this document.

Yours faithfully

Colin Emson
Chairman

NOTICE OF GENERAL MEETING

RURELEC PLC

(*Incorporated in England and Wales under the Companies Act 1985 and 2006 with registered number 04812855*)

NOTICE IS HEREBY GIVEN that a General Meeting (the "**GM**") of the members of the Company will be held at Rurelec PLC, Millbank Tower, 21-24 Millbank, 17th Floor, London SW1P 4QP, at 10.30 a.m. on 25 November 2014. You will be asked to consider and vote on the Resolution set out below. The business to be transacted under the Resolution is deemed to be special business under the Company's Articles of Association.

SPECIAL RESOLUTION

THAT, the share premium account of the Company be reduced by £45,000,000.

By Order of the Board

Susan Laker
Company Secretary

Registered office:

Millbank Tower
21-24 Millbank
17th Floor
London SW1P 4QP

Dated: 10 November 2014

NOTES TO THE NOTICE OF GENERAL MEETING:

Entitlement to attend, speak and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members on the Company's register of members at:
   - 6.00 p.m. on 21 November 2014; or,
   - in the event that this GM is adjourned, at 6.00 p.m. on the day two days prior to the adjourned meeting, shall be entitled to attend, speak and vote at the GM in respect of the number of ordinary shares registered in their name at that time.

   Changes to the register of members after 6.00 p.m. on 21 November 2014 shall be disregarded in determining the rights of any person to attend, speak and vote at the GM.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the GM and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and in the notes to the proxy form.

3. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this "Appointment of proxies" section. Please contact the Company's Registrars, Capita Asset Services, PXS1, 34 Beckenham Road, Kent BR3 4ZF for further information.

4. A proxy does not need to be a member of the Company but must attend the GM to represent you. Details of how to appoint the Chairman of the GM or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the GM you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.

6. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the GM.

Appointment of proxy using hard copy proxy form

7. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
   - completed and signed;
   - sent or delivered to the Company's Registrars, Capita Asset Services, PXS1, 34 Beckenham Road, Kent BR3 4ZF; and
   - received by Capita Asset Services no later than 10.30 a.m. on 21 November 2014.

   In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

   Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form, together with a duly completed certificate of non-revocation of such power or authority.

Appointment of proxies through CREST

8. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the GM and any adjournment(s) thereof by utilising 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 sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment 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 (EUI) 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 issuer's agent (ID) Capita Asset Services (**CREST Participant ID Number RA10**) by 10.30 a.m. on 21 November 2014. 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 Applications Host) from which the issuer'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 providers should note that EUI does not make available special procedures in CREST for any particular messages. 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(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.

Appointment of proxy by joint members

9. 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).

Changing proxy instructions

10. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

    Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Company's Registrars, Capita Asset Services, PXS1, 34 Beckenham Road, Kent BR3 4ZF.

    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.

Termination of proxy appointments

11. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Asset Services, PXS1, 34 Beckenham Road, Kent BR3 4ZF. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

    The revocation notice must be received by Capita Asset Services, PXS1, 34 Beckenham Road, Kent BR3 4ZF no later than 48 hours before the date and time of the meeting.

    If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

    Appointment of a proxy does not preclude you from attending the GM and voting in person. If you have appointed a proxy and attend the GM in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

12. As at 6.00 p.m. on 7 November 2014, the Company's issued share capital comprised 561,387,586 ordinary shares of £0.02 per share. Each ordinary share carries the right to one vote at a general meeting of the Company. The total number of voting rights in the Company as at 6.00 p.m. on 7 November 2014 is therefore 561,387,586.

Documents on display

13. Copies of the amended Articles of Association and the service contracts and letters of appointment of the executive directors and non-executive directors respectively of the Company will be available for inspection:
    - For at least 15 minutes prior to the meeting; and
    - During the meeting.

Communication

14. Except as provided above, members who have general queries about the GM should call Capita Asset Services' shareholder helpline between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday (except UK public holidays) on 0871 664 0300 from within the UK or +44 20 8639 3399 if calling from outside the UK. It should be noted that calls to the 0871 number will cost 10p per minute plus network extra. No other methods of communication will be accepted. 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 Chairman's Letter, the Report and Accounts and the Form of Proxy) to communicate with the Company for any purposes.