

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, accountant or other independent professional advisor authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all your ordinary shares in Rurelec PLC (the “**Company**”), please hand this document (together with the accompanying proxy form) as soon as possible to the stockbroker or other agent through whom you made the sale or transfer for transmission to the purchaser.

RURELEC PLC

(Registered in England and Wales with registered number 4812855)

Notice of General Meeting
in connection with an
Increase of share capital and general authority to issue shares
and
Placing of Ordinary Shares to raise £6.5 million before expenses
and
Authority to buy back share capital

Notice of General Meeting of the Company, to be held on 13 May 2009 at 10.00 a.m. at 5th Floor, Prince Consort House, 27-29 Albert Embankment, London SE1 7TJ, is set out at the end of this document.

Shareholders will find enclosed a Form of Proxy for use at the General Meeting. **The Form of Proxy may be completed and returned by any Shareholder entitled to vote.** To be valid, a Form of Proxy must be completed and returned in accordance with the instructions printed thereon, as soon as practicable and, in any event, so as to arrive no later than 48 hours before the time of the relevant meeting or any adjournment thereof. **Please note, you are entitled to attend and vote at the General Meeting even if you return a Form of Proxy.**

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PLACING STATISTICS

Number of Ordinary Shares in issue prior to the issue of the New Ordinary Shares	95,788,775
Number of Placing Shares	81,562,500
Number of Capitalisation Shares	28,070,230
Placing Price	8 pence
Percentage of the Enlarged Issued Share Capital represented by the Placing Shares immediately following completion of the Capitalisation and the Placing	39.70
Percentage of the Enlarged Issued Share Capital represented by the Capitalisation Shares immediately following completion of the Capitalisation and the Placing	13.66
Percentage of the Enlarged Issued Share Capital represented by the New Ordinary Shares immediately following completion of the Capitalisation and the Placing	53.37
Number of Ordinary Shares in issue immediately following the issue of the New Ordinary Shares	205,421,505

EXPECTED TIMETABLE

Latest date for receipt of Forms of Proxy	10.00 a.m. on 11 May 2009
General Meeting	10.00 a.m. on 13 May 2009
Issue of the New Ordinary Shares	on or before 8 June 2009

References to time in this document and the Notice of General Meeting are to British Summer Time.

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“2006 Act”	the Companies Act 2006 (as amended)
“1985 Act”	the Companies Act 1985 (as amended)
“Acts”	the 1985 Act and the 2006 Act
“Admission”	the admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“AIM”	a market operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange
“Bank”	Standard Bank plc
“Basic Energy”	Basic Energy Ltd, a company organised and existing under the laws of the Bahamas
“Capitalisation”	the IPC Capitalisation, the James West Capitalisation and the Religare Hichens, Harrison Capitalisation
“Capitalisation Shares”	the New Ordinary Shares to be issued to IPC, James West and Religare Hichens, Harrison in accordance with the IPC Capitalisation, the James West Capitalisation and the Religare Hichens, Harrison Capitalisation respectively
“Circular”	this document
“Company” or “Rurelec”	Rurelec PLC (company number 4812855) whose registered office is 5th Floor, Prince Consort House, 27-29 Albert Embankment, London SE1 7TJ
“Completion”	Completion of the Placing
“CREST”	the system for the paperless settlement of share transfers and the holding of shares in uncertified form operated by Euroclear UK Ireland Limited (formerly CRESTCo)
“Daniel Stewart”	Daniel Stewart & Co plc, the Company’s Nominated Adviser and joint broker
“Directors” or “Board”	the board of directors of the Company or a duly constituted committee thereof
“Energia del Sur” or “EDS”	Energia del Sur S.A., a company registered in Argentina
“Enlarged Issued Share Capital”	the issued ordinary share capital of the Company as enlarged following the Placing and Capitalisation
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“Existing Ordinary Shares” or “Ordinary Shares”	the ordinary shares of 2 pence each in issue and fully paid at the date of this document

“Facility Agreement”	the Facility Agreement dated 8 March 2007 between, <i>inter alia</i> , Standard Bank, EDS and the Company
“General Meeting” or “GM”	the general meeting of Rurelec convened for 10.00 a.m. on 13 May 2009 (or any adjournment thereof), notice of which is set out at the end of this document
“Form of Proxy”	the form of proxy for use in connection with the General Meeting accompanying this document
“FSA”	the Financial Services Authority
“Group”	the Company and its subsidiary undertakings at the date of this document
“IPC Capitalisation”	the cancellation of certain loans totalling £2,000,000 from IPC to the Company in consideration for the issue to IPC of 25,000,000 Ordinary Shares in the Company conditional on Admission and on the terms detailed in Part 1 of the Circular
“Independent Directors”	Sir Robin Christopher, Freddie Fisher and Marcelo Blanco, being those Directors who have no interest in the IPC Capitalisation or the James West Capitalisation
“Independent Power Corporation” or “IPC”	Independent Power Corporation, a company registered in England under registration number 3097552, whose principal office is at 5th Floor, Prince Consort House, 27-29 Albert Embankment, London SE1 7TJ
“James West Capitalisation”	the cancellation of certain director’s fees totalling £35,618.40 owed to James West by the Company in consideration for the issue to Jimmy West Associates Limited, a company owned and controlled by James West, of 445,230 Ordinary Shares in the Company conditional on Admission and on the terms detailed in Part 1 of the Circular
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	109,632,730 Ordinary Shares comprised of the Placing Shares and the Capitalisation Shares
“Ordinary Shares”	ordinary shares of 2 pence each in the capital of the Company
“Patagonia Energy Limited” or “PEL”	a company incorporated under the laws of the British Virgin Islands with its registered office at Walkers Chambers, PO Box 92, Road Town, Tortola, British Virgin Islands
“Placees”	subscribers for Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agents”	Religare Hichens, Harrison and Daniel Stewart
“Placing Agreement”	the conditional agreement dated 20 April 2009 and made between the Directors, Daniel Stewart, Religare Hichens, Harrison and the Company in relation to the Placing
“Placing Price”	8 pence per New Ordinary Share

“Placing Shares”	the 81,562,500 New Ordinary Shares to be issued to the Placees pursuant to the Placing Agreement
“£” and “p”	respectively pounds and pence sterling, the lawful currency of the United Kingdom
“Religare Hichens, Harrison”	Religare Hichens, Harrison & Co. plc, the Company’s joint broker
“Religare Hichens, Harrison Capitalisation”	the cancellation of certain fees totalling £210,000 owed to Religare Hichens, Harrison by the Company in consideration for the issue to Religare Hichens, Harrison of 2,625,000 Ordinary Shares in the Company conditional on Admission and on the terms detailed in Part 1 of the Circular
“Resolutions”	the resolutions set out in the notice of the General Meeting at the end of this document
“Shareholders”	holders of Ordinary Shares
“Standard Bank”	Standard Bank plc

PART 1

LETTER FROM THE CHAIRMAN OF RURELEC PLC

(Registered in England and Wales with registered number 4812855)

Directors

James West (*Non-Executive Chairman*)
Peter Earl (*Managing Director*)
Elizabeth Shaw (*Finance Director*)
Mike Eyre (*Executive Director*)
Marcelo Blanco (*Executive Director*)
Freddie Fisher (*Non-Executive Director*)
Sir Robin Christopher (*Non-Executive Director*)

5th Floor
Prince Consort House
27-29 Albert Embankment
London SE1 7TJ

20 April 2009

To Shareholders

Dear Shareholder,

Increase of share capital and general authority to issue shares and Notice of General Meeting in connection with a Placing to raise approximately £6.5 million before expenses and authority to buy back share capital.

Introduction

The Board announced today that it proposes to raise approximately £6.5 million before expenses from a conditional placing of 81,562,500 New Ordinary Shares at a price of 8 pence per Ordinary Share. The Ordinary Shares have been conditionally placed by Religare Hichens, Harrison and Daniel Stewart with institutional and other shareholders.

An increase in share capital of the Company is needed to complete the Placing and the other proposals set out below. The Placing is subject to the satisfaction of certain conditions and to the shareholder approvals which will be sought at a General Meeting. Further details of the GM are set out in Part 2 of this Circular.

Shareholders should be aware that, if the Resolution to approve the Placing is not passed at the General Meeting, the Group will have insufficient financial resources to continue to trade in its current form. Shareholders attention is also drawn to the statements on working capital on page 7 of this Circular.

Proposed disposal of 50 per cent. interest in EDS

The Placing is, *inter alia*, conditional upon Rurelec selling 50 per cent. of the interest it holds in Energia del Sur to its former partner, Basic Energy by way of extinguishing approximately £8.7 million of current liabilities in the form of deferred payments under loan notes due in 2009. The Company has entered into non-legally binding heads of terms with Basic Energy. The precise mechanism of the disposal is subject to agreement between the parties having taken appropriate tax and legal advice.

The consideration payable to Basic Energy is the cancellation of the amounts owing from Rurelec to Basic Energy under the loan note in the sum of US\$13 million plus other costs, and the waiving by Basic Energy of interest due to date on the loan note. The disposal removes liabilities on the Company's balance sheet amounting in aggregate to approximately £8.7 million as at the exchange rate on 17 April. The current book value of the Company's investment in Patagonia Energy Limited, currently the owner of 100 per cent. of EDS in aggregate, is approximately £16.4 million. As part of the transaction the Company will be granted an option to reacquire the interest in EDS during the three month period following completion of the disposal for US\$16 million. Following completion of the disposal, the Company and Basic Energy will be joint venture partners in EDS and will have entered into a shareholder agreement on substantially the same terms as the previous shareholder agreement between the parties. A further announcement will be made when the agreement has been executed.

Related Party Transactions

Pursuant to the IPC Capitalisation and in conjunction with the Placing, IPC, a company controlled by Peter Earl (Managing Director of Rurelec), of which James West (Non-Executive Chairman of Rurelec) is chairman and Elizabeth Shaw (Finance Director of Rurelec) is also a director, has agreed to capitalise a total of £2 million of the loans made by it and by Southern Integrated Energy Limited (“SIE”), a wholly owned subsidiary of IPC, to Rurelec, currently amounting to approximately £4.4 million principal. The IPC Capitalisation will take place at the Placing Price, giving rise to an equity issue of 25,000,000 New Ordinary Shares to IPC, subject to the satisfaction of certain conditions. IPC and SIE have undertaken not to call for the repayment of the remainder of the net aggregate balance of their loans before 1 May 2010 or earlier upon the refinancing of EDS. Following netting off of amounts due from IPC for the purchase of Rurelec’s remaining, unused, Jenbacher gas engines, the balance due to IPC will be approximately £1.2 million. IPC has agreed that it will not dispose of its Ordinary Shares allotted pursuant to the IPC Capitalisation for a period of twelve months following issue without agreement with Rurelec’s broker.

James West, Chairman, will also subscribe for 800,000 New Ordinary Shares as part of the Placing at the Placing Price. In addition, pursuant to the James West Capitalisation, Jimmy West Associates Ltd, a company owned and controlled by James West, will subscribe for 445,230 shares at the Placing Price in exchange for the cancellation of outstanding director’s fees. Following Admission, James West will be interested in 2,370,230 Ordinary Shares, representing 1.15 per cent. of the Company’s Enlarged Issued Share Capital.

Under the AIM Rules, the IPC Capitalisation together with the James West Capitalisation and James West’s subscription in the Placing in aggregate are classified as related party transactions. The Independent Directors, being Freddie Fisher, Marcelo Blanco and Sir Robin Christopher consider and agree, having consulted with Daniel Stewart (the Company’s nominated adviser), that the terms of each of the IPC Capitalisation, the James West Capitalisation and James West’s subscription in the Placing are fair and reasonable insofar as Rurelec’s shareholders are concerned.

Use of Proceeds

The cash proceeds of the Placing, amounting to approximately £6 million net of expenses will be largely used for the refinancing of Patagonia Energy Limited, to provide funding to EDS for payment of principal and interest due in respect of its senior bank debt and to strengthen the balance sheets of both the Company and EDS.

Arrangements with Standard Bank

On 8 March 2007 the Company’s now wholly-owned subsidiary EDS entered into a Facility Agreement with the Bank for a term loan of US\$18 million to finance the construction of the EDS Combined Cycle Gas Turbine (“CCGT”) system in Argentina. The repayment of principal began before the project was completed. Owing to global banking difficulties and delays in commissioning, EDS has, so far, been unable to refinance as a result of not commencing commercial operations in time. As a result, a repayment of part of the principal under the Facility Agreement was missed on 31 March 2009.

The Bank has reserved its position but has also been supportive and no action has been taken by it to accelerate repayment of the loan at the current time. The Placing is conditional upon such status quo being maintained pending satisfaction of the overdue amount from part of the proceeds of the Placing. However the Bank has agreed not to take any steps to accelerate repayment of the loan following payment of the overdue amount.

Working Capital

The net proceeds of the fundraising will not provide the Company with sufficient working capital to satisfy its total medium and long term requirements, and therefore it is necessary to arrange additional finance to become available during the course of this summer. The Directors are holding discussions with a number of other providers of debt for Latin American projects.

Details of the Placing

The Placing is conditional, *inter alia*, on shareholder approval, the IPC Capitalisation, completion of the acquisition by Basic Energy of 50 per cent. of EDS on the terms referred to earlier in this letter and a resolution of the position with the Bank as referred to above.

The Placing is to be effected on behalf of the Company by the Placing Agents, Religare Hichens, Harrison and Daniel Stewart, pursuant to the Placing Agreement. The Placing Agents have agreed, subject to certain conditions, to use their reasonable endeavours to procure subscribers for the Placing Shares in aggregate. Under the Placing Agreement the conditions must be satisfied by no later than 8 June 2009.

The Placing Agreement contains warranties in favour of the Placing Agents given by the Company and the Directors with respect to its business and certain matters connected with the Placing. In addition, the Company has given customary indemnities to the Placing Agents in connection with the Placing and their performance of services in relation to the Placing. Daniel Stewart has certain rights to terminate the Placing Agreement in specified circumstances.

The Placing Shares will rank *pari passu* with existing shares following Admission including for any future dividend, if declared.

Under the Placing Agreement and pursuant to the Religare Hichens, Harrison Capitalisation, Religare Hichens, Harrison will be allotted 2,625,000 Ordinary Shares in satisfaction of charges for previous services to the Company.

Current trading

On 1 April 2009, the Company updated shareholders regarding the status of the CCGT expansion project, advising that a high demand for power from the local grid resulted in CAMMESA, the regulator, not allowing both gas turbines at the Energia del Sur plant to be off-line simultaneously, which resulted in a short delay in the completion of the project. The gas turbine that has been connected into the CCGT system is now producing an additional output of 25 MW. The Directors now expect the second gas turbine to be connected to its Heat Recovery Steam Generator (“HRSG”) in the next few days, subject to obtaining CAMMESA approval, making the new combined cycle unit capable of generating up to its full 60 MW nominal capacity. As announced on 2 March 2009, the contract with the European utility for the forward sale of Certified Emission Reductions (“CERs”) generated by EDS between now and December 2012 announced on 5 November 2008 remains under review. However, since that announcement CER prices have increased from approximately €8.45 at the time of the original announcement to approximately €10.91 on 16 April 2009.

Empresa Eléctrica Guaracachi S.A. “Guaracachi” or “EGSA”, in which the Company owns a 50.00125 per cent. interest, is expected to announce its results to the La Paz stock exchange on 23 April 2009. The preliminary accounts, which have been prepared under Bolivian GAAP, will show shareholders funds of approximately US\$133 million at current exchange rates and US\$10.4 million of net income for the year ended 31 December 2008. The directors of EGSA have recommended that Guaracachi declares a dividend broadly in line with last year, when a dividend of approximately US\$7 million was approved and paid.

Strategy

The Directors’ strategy during the current market uncertainty is of consolidation within the portfolio and judicious expansion, taking advantage of market opportunities. They do not intend to commence any new greenfield development projects until the refinancing of EDS has been fully completed and funds drawn down.

It remains the policy of the Company to return any future surplus capital to shareholders. Following refinancing of EDS, which is required during the summer of this year (and for which there is no current agreement), the Company will look to retire some of the shares now being issued if it can be shown clearly that this will improve returns to shareholders, and only if prudent to do so at the time. Any such buy-back policy would be funded by receipt of capital sums back into the Company rather than out of

cash flow from dividends. The Directors intend to continue with a dividend policy of a high payout ratio, when it is prudent to do so.

General Meeting

At the end of this letter you will find a notice convening a General Meeting of the Company which is to be held at 10.00 a.m. on 13 May 2009 at 5th Floor, Prince Consort House, 27-29 Albert Embankment, London SE1 7TJ. The business of the GM will be to increase the share capital of the Company, grant the Directors authority to allot Ordinary Shares and to disapply pre-emption rights in connection with the issue of the New Ordinary Shares as well as granting the Directors the authority to implement any buy back programme as referred to above, all of which require the requisite approval of the Shareholders. Part 2 of this Circular contains more detailed explanatory notes concerning the Resolutions that are to be proposed at the GM.

Admission

Application will be made to the London Stock Exchange to admit the New Ordinary Shares to trading on AIM. It is expected that, subject to the passing of the Resolution numbered 1 at the General Meeting, admission of the New Ordinary Shares will become effective on AIM and dealings will commence on AIM at 8.00 a.m. on 19 May 2009 or such later time as the Company and Daniel Stewart may agree in accordance with the Placing Agreement being not later than 8 June 2009.

The New Ordinary Shares will, when issued and fully paid up, rank *pari passu* in all respects with the existing Ordinary Shares of the Company and will be issued subject to the memorandum and articles of association of the Company.

Action to be taken

You will find enclosed with this letter a form of proxy for use in connection with the GM. Whether or not you intend to be present at the GM, you are asked to complete the form of proxy in accordance with the instructions printed on it so as to be received by the Company's Registrars, Capita Registrars at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but in any event not later than 10.00 a.m. on 11 May 2009. Completion of the form of proxy will not preclude you from attending and voting at the GM should you so wish.

Recommendation

The Independent Directors consider the passing of Resolution numbered 1 to be in the best interests of Shareholders. The Independent Directors recommend that you vote in favour of that Resolution. The Board also considers the passing of Resolution numbered 2 to be in the best interests of Shareholders and the Board recommends that you vote in favour of that Resolution. Those Directors who hold shares in the Company intend to vote in favour of the Resolutions to be proposed at the General Meeting in respect of their own beneficial holdings of Ordinary Shares amounting, in aggregate, to 13,471,054 Ordinary Shares (representing approximately 15.7 per cent. of the Ordinary Shares in issue).

Yours faithfully

James West
Non Executive Chairman

PART 2

EXPLANATORY NOTES TO THE NOTICE OF GENERAL MEETING

The Resolutions

The Notice of General Meeting contains two special resolutions each of which requires the approval of at least 75 per cent. of Shareholders who vote.

Resolution 1

- (a) In order to have sufficient shares to issue the New Ordinary Shares and to provide the Company with further authorised share capital to meet its future requirements, the capital of the Company must be increased to £6,000,000 by the creation of 180,000,000 additional Ordinary Shares to rank *pari passu* with the existing Ordinary Shares.
- (b) The Directors require shareholder authority under Section 80 of the 1985 Act for the allotment of 109,632,730 Ordinary Shares that the Company intends to issue pursuant to the Placing and the Capitalisation. This authority will enable the Directors to allot such shares together with an additional number of further shares to meet its future requirements. The authority sought will expire on the later of the conclusion of the next annual general meeting of the Company or on the date falling 15 months from the date of the passing of Resolution 1 unless such authority is renewed, varied, or revoked by the Company in a general meeting.
- (c) This subsection of the Resolution proposes to disapply pre-emption rights by giving the Directors authority to allot 109,632,730 Ordinary Shares pursuant to the Placing and the Capitalisation as well as additional shares pursuant to rights issues or other pre-emptive offers where equity is offered effectively on a pro rata basis to existing shareholders and otherwise up to an amount representing 5 per cent. of the issued share capital of the Company. The authority sought will expire on the later of the conclusion of the next annual general meeting of the Company or on the date falling 15 months from the date of the passing of Resolution 1 unless such authority is renewed, varied, or revoked by the Company in general meeting.

Resolution 2

Resolution 2 seeks authority for the Company to make market purchases of its own Ordinary Shares. If passed, this Resolution gives authority for the Company to purchase up to 30,813,225 of its Ordinary Shares, representing 15 per cent. of the Company's Enlarged Issued Ordinary Share Capital (excluding treasury shares) immediately following Admission. This Resolution specifies the minimum and maximum prices which may be paid for any Ordinary Shares purchased under the authority. The authority sought under this Resolution 2 will expire on the later of the conclusion of the next annual general meeting or the date following 18 months from the date of the passing of this Resolution. The Directors will only exercise the authority to purchase such Ordinary Shares if and when they consider that such purchases will be in the best interests of Shareholders generally, and will result in an increase in earnings per Ordinary Share.

The Company may either cancel any Ordinary Shares it purchases under this authority or transfer them into treasury (and subsequently sell or transfer them out of treasury or cancel them).

RURELEC PLC

(the "Company")

(Company No. 4812855)

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of the Company will be held at 5th Floor, Prince Consort House, 27-29 Albert Embankment, London SE1 7TJ at 10.00 a.m. on 13 May 2009 for the purpose of considering and, if thought fit, approving the following resolutions, each of which will be proposed as a special resolution:

SPECIAL RESOLUTIONS

1. (a) That, the authorised share capital of the Company be increased to £6,000,000 from £2,400,000 by the creation of 180,000,000 Ordinary Shares of 2p each in the capital of the Company; and
- (b) That, the Directors be and are hereby generally and unconditionally authorised in accordance with the 1985 Act to exercise all powers of the Company to allot relevant securities within the meaning of Section 80 of the 1985 Act:
 - (i) Up to a maximum aggregate nominal amount of £1,631,250 pursuant to the Placing (as defined in a circular to shareholders of the Company of even date herewith);
 - (ii) Up to a maximum aggregate nominal amount of £561,405 pursuant to the Capitalisation (as defined in a circular to shareholders of the Company of even date herewith); and
 - (iii) Otherwise than pursuant to paragraph (i) above, up to a maximum aggregate nominal amount of £1,368,107,

and the power 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 1985 Act and shall expire on whichever is the later of the conclusion of the next Annual General Meeting of the Company or the date falling 15 months from the date of the passing of this Resolution 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; and

- (c) That pursuant to the authority conferred by (b) above, the Directors be and are hereby empowered pursuant to Section 95 of the 1985 Act to allot equity securities (as defined in Section 94 of the Act) for cash as if Section 89(1) of the 1985 Act did not apply to any such allotment PROVIDED THAT such power shall be limited to:
 - (i) the issue of up to 81,562,500 New Ordinary Shares pursuant to the Placing (as defined in a circular to shareholders of the Company of even date herewith);
 - (ii) the issue of up to 28,070,230 New Ordinary Shares pursuant to the Capitalisation (as defined in a circular to shareholders of the Company of even date herewith);
 - (iii) the allotment of equity securities in connection with a rights issue or any other pre-emptive offer in favour of holders of equity securities where the equity securities respectively attributable to the interests of all such holders are proportionate (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 consider appropriate to deal with fractional entitlements or legal or practical difficulties under the laws of or the requirements of any recognised regulatory body in any territory or otherwise; and

- (iv) the allotment (otherwise than pursuant to sub paragraphs (i) to (iii) above) of equity securities up to an aggregate nominal amount of £205,421 representing approximately 5 per cent. of the 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 1985 Act and shall expire on whichever is the later of the conclusion of the next Annual General Meeting of the Company or the date falling 15 months from the date of the passing of this Resolution unless such power is renewed or extended prior to or at such meeting save 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.

2. THAT, subject to the passing of Resolution 1 above, the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 163(3) of the 1985 Act) of its Ordinary Shares upon or subject to the following conditions:
- (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 30,813,225 being 15 per cent. of the total number of Ordinary Shares in issue following the completion of the Placing and the Capitalisation (as defined in a circular to shareholders of the Company of even date herewith);
 - (b) the maximum price which may be paid for an Ordinary Share is an amount equal to 105 per cent. of the average middle market quotations of the Ordinary Shares taken from the London Stock Exchange for the five business days immediately preceding the date of the purchase (or such other amount as may be specified by the London Stock Exchange from time to time); and
 - (c) the minimum price which may be paid for an Ordinary Share is 2 pence;

and the authority hereby conferred shall expire on whichever is the later of the conclusion of the next Annual General Meeting of the Company or the date falling 18 months from the date of the passing of this Resolution, unless such authority is varied, revoked or renewed prior to such time by the Company in general meeting by special resolution and the Company may enter into a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be completed or executed wholly or partly after the expiry of such authority.

BY ORDER OF THE BOARD
Susan Laker
Company Secretary

Registered Office
RURELEC PLC
5th Floor
Prince Consort House
27-29 Albert Embankment
London SE1 7TJ

20 April 2009

NOTES:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered on the register of members of the Company as 6.00 p.m. on 11 May 2009, or if the GM is adjourned, on the register of members not less than 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares in the Company registered in their name at the relevant time. Changes to entries on the register of members after 6.00 p.m. on 11 May 2009 or, if the GM is adjourned, on the register of members not more than 48 hours before the time of any adjourned meeting, will be disregarded in determining the right of any person to attend and vote at the meeting.

PROXIES

General information

2. As a member of the Company, you are entitled to appoint a proxy or proxies of your own choice to exercise all or any of your rights to attend, speak and vote on your behalf at the GM and you should have received a proxy form. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. 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.
4. 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. To appoint more than one proxy you may photocopy the Form of Proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy. 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.
5. If you do not give your proxy an indication of how to vote on any resolution, 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

6. The notes to the proxy form explain how to direct your proxy on 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 Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and
- received by the Company no later than 10.00 a.m. on 11 May 2009.

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 duly certified copy of such power of authority) must be included with the proxy form.

Changing your proxy instructions

7. 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 Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

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

8. 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 the Company's registrars, Capita Registrars Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. 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 of authority) must be included with the revocation notice.
9. The revocation notice must be received by the Company no later than 48 hours before the time and date scheduled for the meeting.
10. Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Appointment of proxy using CREST electronic proxy appointment service

11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting to be held on 13 May 2009 and any adjournment(s) thereof by using 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 should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.
12. 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 Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy, the revocation of a proxy appointment or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's Agent (ID RA10) by the latest time(s) 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 a proxy appointed through CREST should be communicated to the appointee by other means.
13. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear 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, to procure that his CREST sponsor or voting service provider takes) 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 providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
14. 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.

CORPORATE REPRESENTATIVES

15. In order to facilitate voting by corporate representatives at the GM, arrangements will be put in place at the GM so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative 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 (ii) if more than one corporate representative for the same 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 Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.

COMMUNICATIONS

16. No form of electronic communication shall be accepted.

