

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 a General authority to issue shares

Notice of General Meeting of the Company, to be held on 22 October 2009 at 11 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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EXPECTED TIMETABLE

Latest date for receipt of Forms of Proxy	11.00 a.m. on 20 October 2009
General Meeting	11.00 a.m. on 22 October 2009

References to time in this document and the Notice of General Meeting are to British 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;
“Circular”	this document;
“Convertible Loan Notes”	the £2.5 million unsecured 12 per cent. convertible loan notes due in March 2011;
“Company” or “Rurelec”	Rurelec PLC (company number 4812855) whose registered office is 5th Floor, Prince Consort House, 27-29 Albert Embankment, London, SE1 7TJ;
“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;
“General Meeting” or “GM”	the general meeting of Rurelec convened for 11.00 a.m. on 22 October 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;
“Loan Note Instrument”	the convertible loan note instrument dated 10 September 2009;
“London Stock Exchange”	London Stock Exchange plc;
“New Ordinary Shares”	Ordinary Shares to be issued on conversion of the Convertible Loan Notes and following the exercise of the Warrants;
“Ordinary Shares”	ordinary shares of 2 pence each in the capital of the Company;
“£” and “p”	respectively pounds and pence sterling, the lawful currency of the United Kingdom;
“Resolution”	the resolution set out in the notice of the General Meeting at the end of this document;
“Shareholders”	holders of Ordinary Shares;
“Warrants”	the warrants issued to Warrant Holders pursuant to the Warrant Instrument;
“Warrant Holders”	the holders of Warrants issued pursuant to the Warrant Instrument;
“Warrant Instrument”	the warrant instrument dated 10 September 2009;

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*)
Sir Robin Christopher (*Non-Executive Director*)
Andrew Morris (*Non-Executive Director*)

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

30 September 2009

To the holders of Ordinary Shares (and for purposes of information only to the holders of options and warrants in respect of Ordinary Shares)

Notice of General Meeting General authority to issue shares

Dear Shareholder,

Introduction

The Board announced on 10 September that it had raised approximately £2.5 million from a placing of Convertible Loan Notes to support the refinancing of its Argentine power generation business, Energia del Sur and for general working capital purposes.

Subscribers of the Convertible Loan Notes were granted Warrants to subscribe for up to 10,000,000 new Ordinary Shares which if exercised in full would raise a further £2.5 million for the Company.

The Company exercised its current authority to issue Convertible Loan Notes and is now seeking additional authority in respect of the issue of new Ordinary Shares arising on exercise of the Warrants. In addition, further authority is sought to allow the Company to place up to 11,271,075 shares for cash which is approximately 5 per cent. of the Company's enlarged issued share capital (assuming full conversion of the Convertible Loan Notes and full exercise of the Warrants). The Directors do not intend to issue further shares for cash pursuant to this further authority at the present time.

Background & Reasons for the Proposals

EdS is currently in the process of obtaining a debt rating for its first ever Argentine peso denominated bond issue. Argentine pension funds have agreed to support an EdS bond placing in Argentine pesos subject to EdS obtaining a suitable debt rating from one of the internationally recognised rating agencies. Rurelec's funding of EdS is intended further to strengthen the balance sheet of EdS in anticipation of the grant of a satisfactory debt rating.

Details of the Convertible Loan Note & Warrant issue

The Company has entered into the Loan Note Instrument relating to the issue of £2.5 million Convertible Loan Notes 2011. The Company has also entered into the Warrant Instrument relating to the issue of warrants to subscribe for up to 10,000,000 New Ordinary Shares of the Company.

The Warrants have an exercise price of 25 pence per New Ordinary Share and are exercisable in whole or in part, at any time following the date falling 4 months from the date of issue of the Warrants. The

Warrants will lapse to the extent not exercised following the period of 18 months from of the date of issue.

In the event of the full exercise of the Warrants the new Ordinary Shares thereby created would represent 4.4 per cent. of the Company's enlarged share capital (assuming full conversion of the Convertible Loan Notes).

Independent Power Corporation PLC, a company controlled by Rurelec's Managing Director, Peter Earl, has agreed to subscribe £700,000 of the Convertible Loan Notes with 2,800,000 warrants.

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 11.00 a.m. on 22 October at 5th Floor, Prince Consort House, 27-29 Albert Embankment, London SE1 7TJ. The business of the GM will be to grant the Directors authority to allot Ordinary Shares and to disapply pre-emption rights in connection with the issue of new Ordinary Shares which require the requisite approval of the Shareholders. Part 2 of this Circular contains more detailed explanatory notes concerning the Resolution that is to be proposed at the GM.

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 11.00 a.m. on 20 October 2009. Completion of the form of proxy will not preclude you from attending and voting at the GM should you so wish.

Recommendation

The Directors consider the passing of the Resolution to be in the best interests of Shareholders and recommend that you vote in favour of the Resolution. Those Directors who hold shares in the Company intend to vote in favour of the Resolution to be proposed at the General Meeting in respect of their own beneficial holdings of Ordinary Shares amounting, in aggregate, to 33,873,049 Ordinary Shares (representing approximately 16.5 per cent. of the Ordinary Shares currently in issue).

Yours faithfully

James West
Non Executive Chairman

PART 2

Explanatory Notes to the Notice of General Meeting

The Notice of General Meeting contains a special resolution (the “**Resolution**”) requiring at least 75 per cent. of Shareholders who vote to vote in favour of the Resolution in order for it to be passed.

In order to have sufficient shares to issue new Ordinary Shares following conversion of the Convertible Loan Notes and exercise of the Warrants and to provide the Company with sufficient authorities to meet its future requirements, your Board are seeking shareholders’ authority to:

1. Allot shares

The Resolution seeks to grant the Directors the authority to allot shares and convertible securities with a maximum nominal amount of £1,902,810.03 pursuant to the Company’s Articles of Association and section 551 of the Companies Act 2006 (which comes into force on 1 October 2009). This will provide the Directors with sufficient authority to allot the New Ordinary Shares and to allot further Ordinary Shares representing 42.2 per cent of the Company’s enlarged share capital, assuming full conversion of the Convertible Loan Notes and full exercise of the Warrants. This authority is to expire in the case of the New Ordinary Shares at the end of the periods for conversion of the Convertible Loan Notes and for the exercise of the Warrants and otherwise at the next AGM (although the Directors intend to seek renewal of the latter authority at the next AGM and at each successive AGM).

2. Disapply pre-emption rights

If shares are to be allotted for cash, section 561 of the Companies Act 2006 when it comes into force on 1 October 2009 requires that those shares be offered first to existing shareholders in proportion to the number of shares they hold at such a time. It may, however, be in the interests of the Company for the Directors to allot shares otherwise than in such a manner. The Resolution seeks to renew the authority of the Directors to issue equity securities of the Company for cash without application of the pre-emption rights contained in section 561 of the Companies Act 2006.

This will enable the Company to satisfy in full its obligations in respect of the conversion of the Convertible Loan Notes and the exercise in full of the Warrants for so long as such obligations are respectively outstanding. It would also provide additional authority to issue shares as the Company may require in the future.

Other than in connection with the conversion of the Convertible Loan Notes, the exercise of the Warrants, a rights issue, open offer or similar process, the additional authority contained in the Resolution will be limited to a maximum nominal amount of £225,421.51 (representing approximately 5 per cent. of the issued ordinary share capital of the Company), assuming full conversion of the Convertible Loan Notes and the exercise in full of the Warrants, and will last until the end of the Company’s next AGM, though again the Directors intend to seek renewal of the additional authority.

Note: The provisions of the Companies Act 1985 relating to the allotment of shares and the disapplication of pre-emption rights are being replaced by provisions of the Companies Act 2006. Accordingly, in the Notice of General Meeting and in these Explanatory Notes references are to the new provisions contained in the Companies Act 2006 in order to reflect the law that will be in force on 1 October 2009.

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 on 22 October 2009 at 11.00 a.m. for the purpose of considering and, if thought fit, approving the following resolution which will be proposed as a Special Resolution:

1 That:

- (a) the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 to exercise all powers of the Company to allot Ordinary Shares of the Company ("Ordinary Shares") and grant rights to subscribe for or to convert any security into Ordinary Shares in relation to Ordinary Shares with a maximum aggregate nominal amount of £1,902,810.03 provided that the authority hereby conferred shall operate in substitution for the and to the exclusion of any previous authority given to the Directors pursuant to section 80 of the Companies Act 1985 (save to the extent that such authority has been duly exercised) 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 would or might require Ordinary Shares to be allotted or rights to be granted to subscribe for or to convert any security into Ordinary Shares of the Company after such expiry and the Directors may allot Ordinary Shares or grant such rights to subscribe or convert in pursuance of such offer or agreement as if the authority hereby conferred had not expired, and save that the Directors may allot Ordinary Shares arising on a conversion of any of the Convertible Loan Notes 2011 of the Company created on 10 September 2009 or arising on the exercise of any of the Warrants of the Company created on 10 September 2009 (the creation of such Warrants being hereby authorised and ratified) at any time up to and including 10 March 2011; and
- (b) the Directors be and are hereby empowered pursuant to Sections 570 and 571 of the Companies Act 2006 to allot equity securities (as defined by Section 560 of the Companies Act 2006) for cash pursuant to the authority provided by paragraph (a) above as if Section 561 of the Companies Act 2006 did not apply to any such allotment PROVIDED THAT this power shall be limited to:
 - (i) the allotment of equity securities having a maximum aggregate nominal value of £200,000 arising on a conversion of any of the Convertible Loan Notes 2011 of the Company created on 10 September 2009 and equity securities having a maximum aggregate nominal value of £200,000 arising on the exercise of any of the Warrants of the Company created on 10 September 2009;
 - (ii) the allotment of equity securities in connection with a rights issue, or any other preemptive offer in favour of holders of equity securities where the equity securities 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 deem necessary or expedient having regard to fractional entitlements or legal or practical problems arising under the laws or requirements of any territory, regulatory body, stock exchange or similar authority in any territory; and
 - (iii) the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal amount of £225,421.51; and

the power hereby conferred shall operate in substitution for and to the exclusion of any previous powers given to the Directors pursuant to section 95 of the Companies Act 1985 (save to the extent that such powers have been duly exercised) and (save in the case of the power referred to (i) above which shall expire on 10 March 2011) shall expire on the date 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 except that the Company may before the expiry of any power contained in this Resolution make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

BY ORDER OF THE BOARD

30 September 2009

Susan Laker
Company Secretary

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

NOTES:

1. 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 6.00 p.m. on 20 October 2009 (or, if this Meeting is adjourned, at 6.00 p.m. on the day two days prior to the adjourned Meeting) shall be entitled to attend and vote at the Meeting in respect of the number of shares registered in their name at this time. Changes to entries in the register of members after that time shall be disregarded in determining the right of any person to attend or vote at this Meeting.
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 to exercise all or any of your rights to attend, speak and vote at the Meeting 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 the notes to the proxy form. Completion and return of the enclosed form of proxy will not preclude shareholders from attending and voting at the Meeting.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting 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 Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares.
4. 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 Meeting.
5. 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).
6. To be valid, the form of proxy, together with the power of attorney, if any, under which it is signed, or a notarially certified copy thereof, must be received at the office of the Company's Registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time fixed for the Meeting or any adjourned Meeting at which the proxy is to vote.
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 note 6 above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
8. 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 on 0871 664 0300 (calls cost 10p per minute plus network extras).
9. 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.
10. 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, 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 attorney) must be included with the revocation notice.

11. The revocation notice must be received by the Company no later than 48 hours before the time and date scheduled for the meeting.
12. 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.
13. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting 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.
14. 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 (CREST ID: RA10) by 11.00 a.m. on 20 October 2009. 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.
15. 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 providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
16. 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.
17. A copy of the register of directors' interests in the shares of the Company, the directors' service contracts and terms of appointment for the non-executive directors and the terms of reference of the audit, remuneration and nomination committees are available for inspection at the Registered Office during normal business hours (Saturdays and Sundays excepted), until the Meeting and at the Meeting for a period of 15 minutes before the commencement until the conclusion of the Meeting.

