

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. This document contains a proposal which if approved by Shareholders and implemented will result in the Company's share premium account being cancelled. If you are in any doubt about the contents of this document or about what action to take, you are recommended immediately to seek your own professional advice from your solicitor, accountant or other appropriately qualified independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are taking advice in the United Kingdom or, if you are a person outside the United Kingdom, from a duly qualified adviser in your jurisdiction.

If you have sold or otherwise transferred all of your Ordinary Shares, please forward this document together with the accompanying Proxy Form at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of Ordinary Shares, you should retain these documents and contact immediately the stockbroker, bank or other agent through whom the transfer or sale was effected.

TERSUS ENERGY LIMITED

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 5314207)

Proposed Capital Reduction and Notice of Annual General Meeting

You should read the whole of this document, but your attention is drawn, in particular, to the letter to Shareholders from the Non-Executive Chairman of the Company. This letter explains the background to and reasons for the Capital Reduction, the subject of Resolution 7 in the Notice of Annual General Meeting.

Notice convening the Annual General Meeting to be held at 9-13 St. Andrew Street, London EC4A 3AF at 4.00 p.m. on 13 December 2011 at which a resolution to approve the Capital Reduction will be proposed is set out at the end of this document. A Proxy Form for use at the Annual General Meeting is enclosed with this document. **Whether or not you intend to be present at the Annual General Meeting, please complete and sign the Proxy Form, in accordance with the instructions printed on it, and return it to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZL as soon as possible by post or (during normal business hours only) by hand but, in any event, so as to arrive no later than 4.00 p.m. on 11 December 2011.** The completion and return of a Proxy Form will not preclude you from attending and voting in person at the Annual General Meeting, or any adjournment thereof.

DEFINITIONS

“ 2006 Act ”	the Companies Act 2006;
“ AGM ”	the annual general meeting of the Company convened for 4.00 p.m. on Tuesday 13 December 2011 by the Notice and any adjournment thereof;
“ Board ” or “ Directors ”	the directors of the Company as at the date of this document whose names are set out on page 3 of this document;
“ Capital Reduction ”	means the proposed cancellation of the Company’s share premium account, as further set out in the letter to Shareholders from the Non-Executive Chairman;
“ Company ”	Tersus Energy Limited;
“ Notice ”	the notice of the AGM, which is set out at the end of this document;
“ Ordinary Shares ”	ordinary shares of 0.5p each in the capital of the Company;
“ Proxy Form ”	the form of proxy enclosed with this document for use at the AGM, or any adjournment thereof;
“ Resolutions ”	the resolutions to be proposed at the AGM, as set out in the Notice and a reference to a “ Resolution ” shall be construed accordingly; and
“ Shareholders ”	holders of Ordinary Shares.

LETTER FROM THE NON-EXECUTIVE CHAIRMAN OF TERSUS ENERGY LIMITED

TERSUS ENERGY LIMITED

(Incorporated and registered in England and Wales under the Companies Act 1985 with number 5314207)

Directors:

John Francis Devaney (Non-Executive Chairman)
Steven Pakin Levine (Chief Executive Officer)
David Thomas Wilson (Chief Operating Officer and Finance Director)
Stephen Keith West (Investment Director)

Registered office:

344 Linen Hall
162-168 Regent Street
London W1B 5TD

14 November 2011

Dear Shareholder

Proposed Capital Reduction and Notice of Annual General Meeting

1. Introduction

In the circular sent to Shareholders on 9 September 2011 in connection with the proposal to re-register the Company as a private company, I explained that the Directors considered there was little benefit in maintaining the Company's status as a public limited company. I said that the main advantage to the Company of being a private company would be its ability to effect a capital reduction in a cost-efficient manner at a future date and hence create distributable reserves. Such distributable reserves in the Company would, subject to the 2006 Act, enable value to be returned to Shareholders by way of a dividend payment should funds become available in the future and should the Directors so elect.

At present, the Company has a negative balance on its profit and loss account (£5,015,307 at 30 June 2011), and hence has no distributable reserves. As dividend payments can only be made from distributable reserves, this substantial deficit precludes the payment of any dividends, even if the Company had funds available.

The Company's share capital, which comprises the total of its called up share capital and share premium account, exceeds what is required for the Company's present and future levels of activity. Accordingly, the Directors consider it appropriate to reduce the Company's share capital by cancelling the share premium account. On cancellation, the amount standing to the credit of the share premium account at the date of cancellation will be transferred to the profit and loss account. As at the date of this document, the amount standing to the credit of the Company's share premium account is £6,447,112. Based on the figures at 30 June 2011 (as shown in the accounts), this transfer would eliminate the negative balance on the profit and loss account and create distributable reserves in excess of £1.4 million.

The creation of distributable reserves does not, of course, imply the Company will be in a position to make any distributions to Shareholders. It does, however, facilitate the return of value to Shareholders should funds become available in the future as a result of realising the value in the Company's investments.

2. Capital Reduction

Prior to 1 October 2008, any company which proposed to carry out a reduction of share capital was required to follow and comply with a court approved procedure. This procedure was often time consuming and costly. However, from 1 October 2008 the 2006 Act introduced a simplified procedure for private companies to reduce their share capital with shareholder approval and provided that the company's directors declared, in a solvency statement, that they have formed the opinion that the company will be able to pay (or otherwise discharge) its debts as they fall due over the next 12 months. This solvency statement procedure has therefore made it quicker and easier to carry out a reduction of capital. However, the solvency statement procedure is only available to private companies. On 4 October 2011 Shareholders passed a resolution in general meeting to re-register the Company as a private limited company. The re-registration of the Company as a private limited company became effective on 4 November 2011 and so the solvency statement procedure for capital reductions is now available to the Company.

The Board has resolved to seek Shareholder approval to cancel the Company's share premium account.

Subject to Resolution 7 in the Notice of AGM being passed by Shareholders at the AGM, the Company proposes to carry out the Capital Reduction by way of the solvency statement procedure discussed above. A copy of this solvency statement will be made available for Shareholders to inspect at the AGM.

Subject to Shareholder approval, the Capital Reduction will take effect on the confirmation of the Registrar of Companies that the appropriate forms have been lodged.

3. Annual General Meeting

At the AGM, the following resolutions will be proposed:

1. Resolution 1 – to receive and adopt the accounts for the year ended 30 June 2011 and the reports of the directors and auditors thereon;
2. Resolution 2 - to receive and adopt the directors' remuneration report for the year ended 30 June 2011;
3. Resolution 3 – to re-appoint Grant Thornton UK LLP as auditors of the Company;
4. Resolution 4 - to re-elect John Francis Devaney as a director of the Company;
5. Resolution 5 - to authorise the directors to allot shares and rights up to an aggregate nominal amount of £60,000;
6. Resolution 6 – to disapply shareholders' statutory rights of pre-emption on the allotment of equity securities up to an aggregate nominal amount of £11,000; and
7. Resolution 7 - to cancel the amount standing to the credit of the Company's share premium account.

Resolutions 1, 2, 3, 4 and 5 are proposed as ordinary resolutions and must be passed by more than 50 per cent. of the votes cast by Shareholders at the AGM. Resolutions 6 and 7 are proposed as special resolutions which mean they must be approved by not less than 75 per cent. of votes cast by Shareholders at the AGM.

4. Action to be taken – Annual General Meeting

Shareholders will find enclosed a Proxy Form for use in connection with the AGM. Whether or not you intend to be present at the meeting, you are requested to complete the Proxy Form in accordance with the instructions printed on it and return it by post or (during normal business hours only) by hand to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZL as soon as possible and, in any event, so as to be received by **no later than 4.00 p.m. on 11 December 2011.**

The completion and return of a Proxy Form will not preclude Shareholders from attending and voting in person at the AGM should they wish to do so.

Yours faithfully,

John Devaney
Non-Executive Chairman

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TERSUS ENERGY LIMITED

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 5314207)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 2011 Annual General Meeting (“AGM”) of Tersus Energy Limited (the “Company”) will be held at 9-13 St. Andrew Street, London EC4A 3AF at 4.00 p.m. on Tuesday 13 December 2011 to consider and, if thought fit, to pass the following resolutions (“Resolutions”) of which Resolutions 1, 2, 3, 4 and 5 will be proposed as ordinary resolutions and Resolutions 6 and 7 will be proposed as special resolutions:

ORDINARY RESOLUTION

1. **TO** receive and adopt the audited accounts of the Company for the year ended 30 June 2011 and the reports of the directors and auditors thereon.
2. **TO** receive and adopt the directors’ remuneration report for the year ended 30 June 2011.
3. **TO** re-appoint Grant Thornton UK LLP as auditors of the Company until the conclusion of the next annual general meeting at which accounts are laid before the Company and to authorise the directors to fix their remuneration.
4. **TO** re-elect John Francis Devaney who retires from office in accordance with article 92.1 of the Company’s articles of association and who, being eligible, offers himself for re-election, as a Director.
5. **THAT** in substitution for any existing authorities, the directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “Act”), to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (“Rights”) up to an aggregate nominal amount of £60,000 provided that this authority shall, unless renewed, varied or revoked by the Company, expire 15 months after the date of passing this resolution or at the conclusion of the next annual general meeting of the Company whichever first occurs save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

SPECIAL RESOLUTIONS

6. **THAT**, subject to the passing of resolution 5, in substitution for any existing authorities, the directors be and are generally empowered pursuant to section 570 of the Companies Act 2006 (the “Act”) to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by resolution 5, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall:
 - (a) be limited to the allotment of equity securities up to an aggregate nominal amount of £11,000 (representing approximately 5 per cent. of the Company’s issued share capital); and
 - (b) (unless previously renewed, varied or revoked by the Company) expire 15 months after the date of passing of this resolution or at the conclusion of the next annual general meeting of the Company whichever first occurs, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot

equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

7. **THAT** the amount standing to the credit of the share premium account of the Company be cancelled.

Dated 14 November 2011

Registered office:

344 Linen Hall
162-168 Regent Street
London
W1B 5TD

BY ORDER OF THE BOARD

David Wilson
Company Secretary

Notes:

Right to Appoint a Proxy

1. Members entitled to attend and vote at the AGM are entitled to appoint some other person(s) of their choice as their proxy to exercise all or any of their rights to attend, speak and vote (on a show of hands and on a poll) on their behalf at the AGM. A proxy need not be a member of the Company, but must attend the meeting to represent you.
2. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to the same shares.
3. A proxy form, which may be used to make such appointment and give proxy instructions, accompanies this notice. If you do not receive a proxy form and believe that you should have one, please contact the Company's registrar, Equiniti Limited on 0871 384 2735. Calls to this number are charged at 8p per minute from a BT landline. Other telephony providers' costs may vary. Lines are open 8.30 a.m. to 5.30 p.m., Monday to Friday. Overseas shareholders please call +44 (0)121 415 7047.

Procedure for Appointing a Proxy

4. If you wish to appoint multiple proxies, please contact Equiniti Limited using the contact details in note 3 to request additional proxy forms. Alternatively, the proxy form may be photocopied before completion.
5. To be effective, any proxy form must be completed, signed and received by the Company's registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZL by post or (during normal business hours only) by hand no later than 4.00 p.m. on 11 December 2011. It should be accompanied by any power of attorney or other authority under which it is signed (or a copy of such power or authority notarially certified or certified in some other way approved by the Company's board of directors).
6. Proxy forms may not be submitted via the Company's website or via any e-mail address set out on the Company's website.
7. The return of a completed proxy form will not prevent a member from attending the AGM and voting in person.
8. In the case of joint holders, the signature of only one of the joint holders is required on the proxy form, but the names of all joint holders should be stated. The vote (whether in person or by proxy) of the first named on the register of members of the Company will be accepted to the exclusion of the other joint holders.
9. In the case of a corporation, the proxy form must be given under its common seal or signed on its behalf by a duly authorised officer or an attorney.

Corporate Representatives

10. A member which is a corporation is entitled to appoint one or more persons to act as the corporate representative or representatives at the meeting and to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual member.

Communication

11. You may not use any electronic address provided either in this notice or any related documents (including the Chairman's letter and proxy form) to communicate with the Company for any purposes other than those expressly stated.

Documents on Display

12. In accordance with section 642(3) of the Companies Act 2006, a copy of the solvency statement to be made by the directors of the Company in connection with Resolution 7 will be available for inspection by members of the Company at the AGM venue throughout the AGM.