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Investment in a small unquoted company such as Reform Energy plc ("the Company") is speculative and involves a higher degree of risk than an investment in a quoted company. The value of investments can go down as well as up and you may not get back the full amount originally invested. An investment should therefore only be considered by those persons who are prepared to sustain a loss on their investment. Investors should be aware of the risks of investment in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

This document has been prepared to the standards of a PLUS Stock Exchange admission document in accordance with the PLUS Rules. It is not an approved prospectus for the purpose of section 85(1) of Financial Services and Markets Act 2000 ("FSMA"). Application has NOT been made for the issued ordinary capital of the Company to be admitted to trading on PLUS.

The Company and the Directors, whose names and functions are set out on page 5 of this document; accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (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.

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Private Placing Memorandum

relating to an offering of shares in

Reform Energy plc

Issued by



CITY & MERCHANT

Placing of up to 1,333,333 ordinary shares of £0.01 par value each at 30p per share

This Document sets out the terms on which, City & Merchant Limited, is making available up to 1,333,333 Ordinary Shares of £0.01 par value each (the "Placing Shares") in the capital of Reform Energy plc at a placing price of 30p per ordinary share. The Ordinary Shares being issued pursuant to the Placing will rank *pari passu* in all respects with the existing issued Ordinary Shares of the Company and will rank in full for all dividends or other distributions hereafter declared, made or paid on the ordinary share capital of the Company.

Application has not been made for the issued ordinary capital of the Company to be admitted to trading on PLUS, which allows trading in the shares of unquoted companies. However, it is the Company's intention to do so following the achievements referred to in this document. PLUS Market is a market operated by PLUS Stock Exchange plc and is not classified as a "Regulated Market" under EU financial services law. PLUS is a market for smaller companies, which tend to involve a higher investment risk than more mature companies.

The Placing is a Private Placing, is not generally available to the Public and is available only through the private invitation of City & Merchant Limited.

This document is a financial promotion under the Financial Services and Markets Act 2000 and has been approved for that purpose by City and Merchant Limited who are authorised and regulated by the Financial Services Authority.

City & Merchant Limited, which is authorised and regulated by the Financial Services Authority, is acting exclusively for the Company in connection with the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to customers of City & Merchant Limited or for advising any such person in connection with the Placing.

The Placing is not being made, directly or indirectly, in or into the United States, Canada, Australia, Japan, or South Africa or their respective territories or possessions, and documents should not be distributed, forwarded or transmitted in or into such territories. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) and may not be offered, sold or delivered, directly or indirectly, in or into the United States, Canada, Australia, Japan or South Africa.

The minimum investment per investor under the Placing is £3,000 although the Directors, at their sole discretion, may accept subscriptions for a lesser amount. The Ordinary Shares will be subscribed for by each investor under the terms and conditions of the application form. The Placing is only available in the United Kingdom.

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DEFINITIONS

In this document, where the context permits, the expressions set out below bear the following meanings:

“Act”	the Companies Act 2006;
“Admission”	the admission of the entire issued ordinary share capital of the Company to trading on PLUS and such admission becoming effective in accordance with PLUS Rules;
“Corporate Code”	the UK Corporate Governance Code published by the Financial Reporting Council dated June 2010;
“Clean Energy”	energy recovered from generally available waste sources, being material derived from the surplus of recycling processes and which contributes to sustaining the environment by reducing landfill and other detrimental effects on the environment, such as pollutant or greenhouse gas emissions;
“Clean Energy Plant”	a combined heat and power plant including surplus waste processing together with electricity and heat off-take equipment;
“the Company” or “Reform”	Reform Energy Plc, incorporated in England and Wales with registered number 07586124;
“Directors” or “Board”	the directors of the Company, as at the date of this document, as set out on page 5;
“EPC Contract”	Engineering, Procurement and Construction Contract pursuant to which the Contractor agrees to deliver a commissioned plant to the owner for an agreed amount. The contractor designs and procures the necessary materials and supervises the construction of a plant such as a Clean Energy Plant;
“Financial Close”	approval by the fund of the Financial Close Submission which, incorporated with the agreement of the EPC Contract, will allow the release of project finance by the Fund manager;
“Financial Close Submission”	the documents forming the basis of the project execution plan for due diligence review and approval by the Reform Energy Investment Fund Limited fund manager, including amongst others: the indicative maximum price for the plant; the form of performance guarantee and performance specification from the EPC; project risk and contingencies statement; outline project cost plan and cash flow; site lease agreement; fuel specification and test results; and planning and other regulatory permit information;
“the Fund”	Reform Energy Investment Fund Limited, a company to be formed to invest in Clean Energy Plants;
“FSMA”	the Financial Services and Markets Act 2000;
“the Group”	the Company and its Subsidiaries;
“Initial Placing”	the placing of 1,375,000 Ordinary Shares completed on 27th July 2011;
“OFGEM”	the Office of the Gas and Electricity Markets;
“Ordinary Shares”	the ordinary shares of £0.01 each in the capital of the Company;

“the Placing”	the proposed Private Placing, of 1,333,333 Ordinary Shares the terms of which are contained in this document;
“the Placing Price”	30p per Ordinary Share;
“PLUS” or “PLUS Market”	independent equity market operated by PLUS Stock Exchange plc, authorised and regulated by the Financial Services Authority, which allows trading in the shares of unquoted companies;
“PLUS Rules”	the PLUS Rules for Issuers governing the admission and disclosure requirements of companies admitted to trading on Plus;
“Reform Energy Solutions” or “RES”	Reform Energy Solutions Limited, incorporated in England and Wales with registered number 06964333;
“Reform Energy Stations Limited”	Reform Energy Stations Limited, incorporated in England and Wales with registered number 07425602;
“Reform Energy NW” or “RENEW”	Reform Energy N.W. Limited, incorporated in England and Wales with registered number 07587616;
“Shareholders”	holders of the Ordinary Shares in the Company;
“SPV” or “Special Purpose Vehicle”	a legal entity especially established to carry out the contract, owned by its shareholders, the providers of equity finance for the scheme;
“Subsidiary” and “Subsidiary Undertaking”	have the meanings respectively ascribed to them by Section 1159 of the Act;
“UK”	the United Kingdom of Great Britain and Northern Ireland;
“US”, “USA” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and all other areas subject to its jurisdiction;
“Waste Licence”	a waste management licence authorising the deposit, recovery and disposal of waste from industrial, commercial or household sources;
“Waste Transfer Station”	a facility to which waste is taken for sorting and onward transfer for treatment, recycling and/or disposal elsewhere.

KEY INFORMATION

Reform Energy plc

(a public company incorporated with limited liability in England and Wales, Company No 07586124)

DIRECTORS, SECRETARY AND ADVISERS

Directors	Jonathan Lloyd (<i>Non-Executive Chairman</i>) John Potter (<i>Chief Executive Officer</i>) David Foran (<i>Chief Operating Officer</i>) Simon Wrightson (<i>Director, Engineering</i>) Peter Moss (<i>Finance Director</i>) Christopher Evans (<i>Non-Executive Director</i>)
Advisory Board	Jonathan Lloyd Gordon Anderson Andrew Park Christopher Evans
Company Secretary and Registered Office of the Company	SF Secretaries Limited 1 Portland Street Manchester M1 3BE
Principal Trading Address	Holmeside Barn 230 Carr Lane Tarleton, Lancashire PR4 6BY
Telephone	01772 812421
Website	www.reformenergy.co.uk
Corporate Adviser	City & Merchant Limited Salisbury House 29 Finsbury Circus London EC2M 5QQ
Solicitors to the Company and the Placing	Semple Fraser LLP 1 Portland Street Manchester M1 3BE
Auditors	Grant Thornton UK LLP 4 Hardman Square Manchester M3 3EB
Registrars and Receiving Agents	SLC Registrars Limited Thames House Esher, Surrey KT10 9AD
Principal Bankers	Barclays Bank plc 20 Chapel Street Liverpool BX3 2BB

SUMMARY OF THE PLACING

The following table shows the issued share capital immediately following the Placing, and assuming full subscription under the Placing.

The Ordinary Shares that are the subject of the Placing will rank *pari passu* with the existing shares in all respects.

Capitalisation pre-Placing – Ordinary Shares in issue prior to the Placing, multiplied by the Placing Price	£3,481,500
Placing Price, per Ordinary Share	30p
Capitalisation post Placing assuming full subscription – Ordinary Shares in issue after the Placing, multiplied by the Placing Price	£3,881,500
Number of Shares being Placed, as a percentage of the post Placing issued share capital	10.31%
Maximum number of Ordinary Shares in the Placing	1,333,333
Expected gross total proceeds of the Placing	£400,000
Expected net proceeds of the Placing	£337,500

EXPECTED TIMETABLE

Placing Open	7th December 2011
First Closing Date for the Placing*	27th January 2012
Despatch of definitive certificates for Ordinary Shares in certificated form	10th February 2012

*unless previously withdrawn by the Directors

PART 1

INFORMATION RELATING TO THE COMPANY

INTRODUCTION

Reform Energy plc has been created to deliver profits from Clean Energy. The Company's business model is to create, construct and deliver efficient energy solutions based on reliable, proven and warrantable technology. Profits will be generated from consultancy services, sales of energy efficient products, and from the delivery, management, and participation in Clean Energy Plants and their associated infrastructure. These activities are undertaken through Reform Energy N.W. Limited (the project manager for the design and construction of Clean Energy Plants) and Reform Energy Solutions Limited (sale of products and services to the construction and contracting industry).

HISTORY AND DEVELOPMENT

Reform was created in March 2011 to apply the combined knowledge of its Directors and founders to provide effective and efficient solutions for Clean Energy. There are simple, effective, efficient, profitable and proven solutions available which require only industry knowledge and competent project management to provide profit to investors. Reform's approach to this opportunity has been to bring together a management team, an advisory board and committed providers of facilities to develop, build and operate Clean Energy Plants, thus developing sustainable projects and a cleaner future.

The underlying model of the Group is a solutions service. This service, whether in energy generation or energy saving, means the Group can always look to maximise its earnings potential. The Group is able to profit from consultancy services, commercialisation of products and construction of the most efficient solutions for its clients. It has developed the service in the UK and may also do so overseas as opportunities arise.

The Group was initially funded by its Directors and founders, who have so far invested £175,000 in cash into the Company. In April 2011 the Company issued a Private Placing Memorandum to raise initial funding from new shareholders to widen its base of support, increase its profile and achieve its short term objectives. These objectives were:

- to provide the Group with resources to perform and finance the tasks necessary to achieve a Financial Close (to allow project finance to be drawn down) for its first planned Clean Energy Plant at Fleetwood, Lancashire;
- to provide the Group with resources to continue to develop a pipeline of future Clean Energy Plants (including the five sites that had been identified at the time of the Initial Placing);
- to provide the Group with resources to launch Reform Energy Solutions Limited, and kick-start the development of its pipeline of projects.

PROGRESS TO DATE

The Group successfully raised £275,000 at 20 pence per share and a further £50,000 at 25 pence per share subsequently. Since the close of the Initial Placing the Group has made significant progress in achieving the objectives stated above, and in particular has achieved the following:

- confirmation of the preferred technology partner for the Fleetwood Plant;
- second and third Clean Energy projects selected and project planning already in progress at sites with existing planning permissions;
- finalisation of commercial terms with the Group's preferred energy trading partner;
- significant progress with the planning application at Fleetwood;
- establishment of a joint venture relationship for RES with the UK's largest privately owned mechanical and electrical installation company strengthening the service offering and providing a new route to market.

The Company now seeks further finance to continue the progress to date and accelerate the development of a number of additional opportunities. In particular, the Financial Close for Fleetwood is expected shortly, and the Company needs to be in a position to put substantial resources behind the development of the Fleetwood site while continuing to progress with second and third Clean Energy sites.

PRINCIPAL ACTIVITIES

CLEAN ENERGY GENERATION – Reform Energy NW

In recent years the market for alternatively generated clean power/energy has gathered pace and momentum in response to environmental, social, technological, legislative and financial drivers. A number of developments are looking to benefit from this market potential, but the Directors consider that these are all too often too heavily technology focused and risk business/project failure by failing to properly recognise and address the other key areas that contribute towards success. These include:

- the requirement/drivers for a technological solution;
- the nature, availability and sustainability of fuel and fuel components;
- relevant and proven engineering support and capability;
- financial considerations (funding and return);
- the negative effects of transporting fuel to feed speculative projects;
- management capability.

Reform's business strategy is a simple one – to develop Clean Energy generation projects that fully address the current risks associated with such projects, including:

- the long term availability/sustainability of a fuel supply;
- the compatibility of the fuel with a proven, warrantable technology;
- the location of the fuel source and the effects on transport infrastructure;
- economic viability;
- the availability of high-end engineering support in addition to the technology provider;
- the negotiation of appropriate power purchase contracts.

Working with a number of Waste Licence holders, Reform has developed a fuel derived from waste collected through Waste Transfer Stations. The waste is the remains of the product collected through skip collection services, after any recyclable material has been removed. This remaining material is typically sent to land fill. The material along with waste wood collected by the same collections service has been tested independently to verify its characteristics. These sampling tests have been used to identify a preferred technology provider.

Progress on Fleetwood

Reform's first proposed Clean Energy Plant is at Fleetwood, Lancashire. Reform has taken an option to acquire the entire share capital of Wyre Waste Recycling Limited, a waste collection and recycling company, from Andrew Park, one of the founder shareholders in Reform, at today's existing use value. Wyre Waste Recycling Limited owns the Waste Transfer Station at which Reform's first Clean Energy Plant will be located and will be responsible for supplying a minimum volume of 75,000 tonnes per annum of waste within specified quality parameters. After the commissioning of the Clean Energy Plant, Reform will continue to operate the Waste Transfer Station, taking gate fees from all waste suppliers on an arm's length basis in the normal course of business.

Planning permission was granted on 7th December 2011 for a 75,000 tonnes p.a. Clean Energy Plant producing 10 MWe for local consumption.

Confirmation of preferred technology partner

Following a rigorous evaluation process, the Group has engaged with a preferred technology partner. The terms of engagement with the technology provider are governed by a strict Non Disclosure Agreement and as such the Group can only provide headline information at this stage. The preferred technology partner will

provide a complete 'turn-key' installation and commissioning package, supported by performance warranties and completion guarantees. The Group is currently working with the preferred technology partner to finalise the Financial Close Submission for the Clean Energy Plant at Fleetwood.

The preferred technology partner is a global supplier of sustainable technology and services and employs over 25,000 staff in more than 50 countries. The preferred technology partner also has over 100 reference sites across the globe, comfortably meeting Reform's key criteria to develop solutions based on proven, warrantable technology.

The engagement with the preferred technology provider is not exclusive. Reform's business model requires the application of the most appropriate technology to the available fuel stream. For this reason the Group is continuing discussions with a number of other technology partners for consideration in future planned developments.

Finalisation of commercial terms with the Group's preferred energy trading partner

The Group has selected Inenco Ltd, one of the UK's longest established energy and utility consultancies, (www.inenco.com) as its preferred supplier for trading and managing the electricity revenues generated by the Clean Energy Plants.

Inenco is a market leading consultancy specialising in energy management, sustainability and environmental services. Terms have been agreed for the provision of energy trading services, OFGEM accreditation, metering and trading risk management and optimisation.

Inenco has a record of using its expertise to create opportunities for customers to reduce both procurement costs and carbon emissions within today's rapidly changing energy and carbon markets. Together with its sister companies Nifes and Inenco Direct, the Inenco group employs over 300 highly skilled staff. Every year the group manages nearly £1 billion worth of gas and electricity for high profile clients in every major sector across the UK and Europe, such as Sainsbury's, Marks & Spencer, Virgin Media and Mencap.

Further Plants

Since the Initial Placing, the Group has received a large number of opportunities to develop further sites. The Group has now selected two of these for the development of its Clean Energy Plants both of which are in progress. Headline details for both of these UK sites are summarised below:

Clean Energy Plant 2:

- Location North West
- Estimated size of plant 20 MWe
- Fuel source Refuse Derived Fuel – locally generated
- Heat off-take Local industrial operations

Planning consent has been granted at this location for the development of a 150,000 tonnes per annum waste transfer station and processing plant.

Clean Energy Plant 3:

- Location West Midlands
- Estimated size of plant 2.5 MWe
- Fuel source Biomass – locally generated
- Heat off-take Local community developments

Planning consent has been granted at this location for a 2.5 MegaWatt wood biomass power station and associated infrastructure developments.

The Group's strategic plan is to deploy clusters of Clean Energy Plants across targeted geographic areas of the UK that will be self-sufficient, and also supported by an integrated fuel network. The deployment of these initial plants will form the foundation of the Group's planned North West operation (managed by Reform Energy North West Limited).

Business Model

Reform's business model reflects the need to obtain substantial capital funding for individual Clean Energy Plants. A standard "unit" capable of consuming 75,000 tonnes p.a. of waste costs in the region of £40 million to £45 million and illustrative projections prepared by the Directors suggest a return of up to 25 per cent. to be available, subject to certain assumptions as to costs. This return needs to be shared with those who are prepared to own and finance such a plant and negotiations are in hand with prospective financiers. In addition to an annual management fee, Reform also expects to participate in the performance of a Clean Energy Plant, providing an incentive to actively manage the plant and its energy production so as to increase the financial and physical performance of the unit.

REFORM ENERGY INVESTMENT FUND LIMITED

The principal purpose of this Placing is to provide the Group with the resources to obtain project finance for the Fleetwood plant (and others in due course). A structure has been agreed whereby Reform will provide investment opportunities to a specially created investment fund which is to invest in Reform's plants, associated energy infrastructure and developments.

City & Merchant, the Company's corporate adviser, has agreed to sponsor Reform Energy Investment Fund Limited ("REIFL"), a closed ended Guernsey Investment company to be listed on the Channel Islands Stock Exchange. REIFL is undertaking an equity placing to raise up to £200 million which will be utilised solely to finance the plants that Reform will build. The estimated budget for Fleetwood is £40 million to £45 million which is expected to be the minimum requirement for REIFL to commence trading. Firm commitments are anticipated by 28th February 2012 with drawdown available from 1st April 2012, which is the target date to commence the Fleetwood construction.

Among the relevant agreements between REIFL and Reform, Reform has agreed to provide REIFL with the first refusal on all new plants to be built by Reform for the next five years. In return for this, REIFL has agreed revenue sharing with Reform during the life of the relevant Clean Energy Plants.

Reform has agreed to underwrite certain initial costs of REIFL capped at a maximum of £60,000.

Reform Energy Solutions ("RES")

During the period between June 2011 and November 2011 Reform Energy Solutions Limited has been launched as a separate trading division offering energy efficient solutions and services to the building and contracting industry. The Company has developed its own sales and marketing package and has completed the first of its pipeline projects despite difficult trading conditions in the building and contracting industry.

Revenue development has been slower than first anticipated although interest in the business model and concept remains very strong. This view is supported by the fact that RES has been identified by one of the UK's leading providers of building services, as their preferred energy solutions provider to jointly deliver the products and solutions to the UK market. RES will take the project management lead in this relationship supported by the strength and depth of its joint venture partner's technical capabilities. A Memorandum of Understanding was signed on 8th November 2011 governing the nature of the relationship between the parties.

The Group is also negotiating a similar 'partnership' arrangement with the same joint venture partner for infrastructure installation and maintenance services associated with future Clean Energy projects.

FUTURE DEVELOPMENTS

The Group's strategic plan is to deploy clusters of Clean Energy Plants across targeted geographic areas of the UK that will be self-sufficient, and also supported by an integrated fuel network. These Clean Energy Plants are designed to provide heat and power to local industry and communities, helping the UK to

decentralise its energy networks and become less reliant on fossil fuels and national infrastructure. Since its inception, a high demand for the Group's offering and capability has been apparent, and has resulted in an over-supply of opportunities to develop Clean Energy Plants, leaving the Group in the enviable position of being able to choose which sites it would like to develop. Assuming the success of REIFL, the Group believes it will be well positioned to be the developer of choice for waste transfer stations, property developers and other land owners seeking Clean Energy Plants for their sites and developments.

COMPETITION

There have been a number of developers trying to establish Clean Energy power plants in the UK over the last 3-5 years, so far with limited success. The reasons for these failures include unproven technology, poor site selection, limited fuel supply agreements and prohibitive electricity grid connection costs. The model developed by the Reform team has identified these areas from experience working in the sector and in the areas of project engineering management, fuel design and materials handling. These core competencies, along with the strategic alliances already established covering areas from power trading to supply connections, give Reform a favourable position in the development of Clean Energy generation projects.

Alternative renewable energy technologies (some of which qualify for Government grants) may also compete with the Company's projects and plants, which may affect the financial viability of its projects.

FINANCIAL CONDITION

The Company's first audited accounts for the period to 30th June 2011 are set out in Part 5 of this document.

FUTURE PROSPECTS OF THE COMPANY

The future prospects of the Company will be dependent on project management and development fees earned by RENW together with ongoing fees for operating the Clean Energy Plants. The Company will also benefit in due course from participations in the Plants which it develops, however, the level of such participations cannot be ascertained with any certainty in advance. The Company intends to be able to build, own and operate its own Plants in due course.

DIRECTORS

Non-Executive Chairman

Jonathan Lloyd BSc FRICS aged 55

Jonathan has significant City experience in fundraising and stakeholder management and was CEO of UK Coal PLC, a major listed coal company with a workforce of more than 3,000 until 2010. Prior to that Jonathan was a senior executive at the banking group HBOS Plc, responsible for all the Group's occupied property in the UK and northern Europe. He is also a chartered surveyor with over 34 years experience in the property industry. He has been involved with alternative energy generation through wind, biomass and waste to energy for several years having first built and managed a wind farm portfolio in the early 1990s for a joint venture between two of the UK's major utility companies. He is currently a Non-Executive Director of Tilfen Land Limited a London based property development and investment company with Net Assets approaching £100 million. He is a special adviser on property matters to Bluesky Corporate Finance Limited and is a principal of Winksley Consulting Limited his strategic property advisory business.

Chief Executive Officer

John Potter aged 41

As the founder of Reform Energy Limited, John will provide the overall strategic direction of the Reform Energy Group. John's day to day roles will include leading the identification and development of potential projects and negotiation with strategic delivery partners for these projects.

John started out in management very early in his career as a public catering manager, at Wembley Arena, aged 19. From there he spent time in customer service management with North West Water (now United Utilities) and then after training with Prudential Assurance moved into financial services where he established his own portfolio development company. After a number of years in property development John started to

explore the opportunities for renewable energy. At this time he was asked to join a renewable energy technology company that was developing a modular high rate anaerobic digestion system as a director and shareholder. Although the technology is still in development, the work done during this time helped him to develop the model for Reform Energy.

Chief Operating Officer

David Foran aged 36

David is a Chartered Certified Accountant with experience in advising and directing growing entrepreneurial businesses on a number of areas including strategic management, business planning & financial reviews, and project management. David will primarily be responsible for supporting John Potter with the development of the Group's strategic direction and for ensuring that the developments that the Group enters into are consistent, and delivered in line with the business plan.

David's previous roles included 13 years with top 5 audit and advisory firm Grant Thornton, where in 2005 he was a key driver behind the inception of Grant Thornton Liverpool's Entrepreneurial Advisory team working as a Senior Manager and Associate Director of this team until late 2008. David left Grant Thornton in November 2008 to adopt executive and non-executive roles with a number of growing entrepreneurial companies, before focusing his efforts on the development of the Reform Energy Group.

Director, Engineering

Simon Wrightson aged 40

Simon is a qualified mechanical engineer who started his career as an undergraduate trainee working on Teesside ICI refurbishment projects in 1989. He has more than 16 years' post graduate experience in engineering construction, as project engineer, manager, consultant and expert witness, working for or advising: specialist subcontractors and suppliers; EPC contractors; clients; and, authorities. Simon has consistently worked in the energy from waste engineering and construction sector since 2000 and was responsible for leading the completion of the Lakeside Energy from Waste Limited power station where he was appointed as the Engineering Procurement Construction Contractor's interim project director. He has held executive positions in two of the UK's leading construction consultancies. Simon joins Reform Energy plc from the PJD Group, one of the UK's largest integrated mechanical engineering businesses, where for the past two years he has been the Director responsible for the group's environmental energy business.

Simon's principal role will be to engineer the delivery of the projects identified by the Group to ensure that they are designed, procured, construction and commissioned: in accordance with the agreed specification and relevant BS:EN standards; achieving high levels of safety and quality performance; on time; and, on budget.

Group Finance Director

Peter Moss aged 39

Peter is a Chartered Certified Accountant and will be responsible for both the strategic and day to day financial management of the Group. With a career spanning two decades, Peter has achieved significant success both within the Professional Services community and as an operational leader within the Distribution and Retail sectors. He previously held the position of Finance and Operations Director for multi Fast Track 100 award winning retailer Dolphin Music, covering all aspects of financial governance including very tight cash flow management and operational responsibility across the supply chain. He was accountable for both the strategic and operational aspects of this leading E-commerce business. He was instrumental in the turnaround of the company without cash flow investment by implementing best practice and practical risk management both within the organisation and across the supply chain. His career includes leading positions in organisations including top 5 audit firm Grant Thornton; multi Fast Track 100 award winning technology distributor Quantum Microponents; and multinational logistics operator Suttons Transport Group. Peter's financial management experience will be invaluable across all areas of the Group. Peter will take up this role on a part time basis initially, becoming full time when required.

Non-Executive Director

Christopher Evans aged 30

Christopher studied Software Engineering at Liverpool's John Moore's University. Whilst at University he worked in the network infrastructure team of a Liverpool based Internet Service Provider (ISP).

During his time at University, he began to investigate and design an automated ISP infrastructure management system. After University Christopher founded Switch Media Limited, a web hosting provider, which grew exponentially over six years to an annual turnover of more than £1.3 million, with staff numbers of 25 and saw Switch Media listed in the Deloitte Fast 50 for two years running in 2007 and 2008. During this time Switch Media had built its own Data Centre hosting 10,000 customer accounts.

In April 2011 Christopher sold Switch Media to AIM listed iomart Group plc in a £1.25 million all cash deal. In September 2009 he invested in Reform Energy Limited and joined the Board as Non-Executive Director.

Reform Energy Advisory Board

The advisory board consists of founder shareholders whose knowledge of technologies involved in RENW's activities are central to the Company's ability to project manage the proposed plants.

Andrew Park invented the Trommel screening and waste separating machine used the world over. His technical knowledge of waste, its composition and availability has been an important element of the total package being brought together by Reform. Andrew also owns the site proposed for the Fleetwood plant and in addition to investing his own funds in the Company. His industry connections have helped to introduce the owners of a number of other sites which form part of RENW's current pipeline.

Gordon Anderson is the managing director and the majority shareholder of Paperback Collection and Recycling Limited, a company that specialises in waste collection and recycling. He has extensive knowledge of materials handling, fuel development and recycling. Gordon is primarily responsible for Reform's fuel testing and management.

Jonathan Lloyd and Christopher Evans, as non-executive directors, complete the Advisory Board.

CORPORATE GOVERNANCE

The Directors intend, where practicable for a company of its size and nature, to comply with the Corporate Code; however, due to the size of the Group and the number of its employees, the Directors acknowledge certain provisions of the Corporate Code will not be immediately adhered to, and perhaps never.

The Company intends to adopt a code of directors' dealings appropriate for a company whose shares are admitted to trading on the PLUS-quoted market and will take all reasonable steps to ensure compliance by the Directors and any relevant individuals. The form of this code is substantially the same as the Model Code on share dealings contained in Annex 1 to Chapter 9 of the Listing Rules issued by the Financial Services Authority.

DISSEMINATION OF REGULATORY NEWS

The Company is currently not applying for the issued Ordinary Shares to be admitted to trading on PLUS, which allows trading in the shares of unquoted companies. However, it is the Company's intention to do so following the achievements referred to in this document. At that time the Company has undertaken to enter into appropriate arrangements with one or more Primary Information Providers approved by the Financial Services Authority to disseminate regulatory information to the market. This information is currently distributed by ADVFN, Bloomberg, FactSet, Fidessa, FT, Interactive Data, Netbuilder, Proquote, Six Telekurs and Thomson Reuters. It is also available to private investors through the internet at www.plusmarketsgroup.com and via other licensed Internet vendors.

TAXATION

The Company has received advance assurance from HM Revenue & Customs that the Company is a qualifying company for the purposes of the Enterprise Investment Scheme. The benefits of investing under the Enterprise Investment Scheme are set out in Part 4 of this Document.

FOREIGN SECURITIES' REGULATIONS

Potential investors should note that the Ordinary Shares in the Placing will not be registered under the United States Securities Act of 1933 ("the Securities Act") and may not be offered or sold within the United States, Canada, Australia, Japan, South Africa except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. An investor who is in the US or otherwise a US person (as defined in Regulation "S" under the Securities Act), must confirm that he falls within a relevant exemption and that he will not offer or sell Offer Shares within the United States except in accordance with applicable exemptions.

PART 2

RISK FACTORS

An investment in the Ordinary Shares is subject to a number of risks. Accordingly, prospective investors should consider carefully all the information available publicly as well as set out in this document and the risks attaching to the Company prior to making any investment decision. In addition to the other relevant information available to investors, the Directors consider the following risk factors to be of particular relevance to the Company's activities and to any investment in the Company. It should be noted that this list is not exhaustive and that other risk factors may apply. Any one or more of these risks could have a material adverse effect on the value of the Company and should be taken into account in assessing the Company.

Prospective investors should consider carefully all the information in this document including the risks described below. The risks and uncertainties described below are the material risk factors facing the Company and which are currently known to the Directors. These risks and uncertainties are not the only ones facing the Company and additional risks and uncertainties not presently known or currently deemed immaterial may also have a material adverse effect on the Company's business, results of operations or financial condition. If any or a combination of the following risks materialise, the Company's business, financial condition, operational performance and share price could be materially and adversely affected to the detriment of the Company and its shareholders.

General Risks

An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which may result from the investment. Prospective investors should therefore consult an independent financial adviser authorised under the Financial Services and Markets Act 2000 before investing.

A prospective investor should consider with care whether an investment in the Company is suitable for him in the light of his personal circumstances and the financial resources available to him.

The Company is not currently listed on a market and therefore it may be difficult for an investor to realise his investment and he may receive less than the amount paid for it. Investment in unquoted shares carries a higher degree of risk than an investment in shares quoted on the Official List.

Investment in the Company should not be regarded as short-term in nature and investors must be prepared to take a medium to long-term view of their investment. Substantial movement in the price of shares should not be expected until sufficient time has elapsed for the Company to demonstrate its ability to achieve its plans. There can be no guarantee that any appreciation in the value of the Company's shares will occur or that the trading objectives of the Company will be achieved.

The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to the future.

Changes in economic conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, tax laws, regulation and other factors can substantially and adversely affect equity investments and the Company's prospects.

A. RISKS RELATING TO THE COMPANY AND ITS BUSINESS

Short Operating History

Although the management is highly experienced, the Group has a short trading history upon which an evaluation of the Group and its prospects can be based.

Attraction and Retention of Key Personnel, including Directors

Although experienced the Company has a small management team, and the loss of a key individual or inability to attract suitably qualified staff could materially and adversely impact upon the business. The success of the Company depends on the ability of the Directors and staff to market the Company's skills and services effectively, deliver complex projects to time and specification and to interpret and respond appropriately to technological, economic, market and other conditions.

No assurance can be given that individuals with the required skills will continue their association or employment with the Company or that replacement personnel with comparable skills can be found. The Board has sought to, and will continue to, ensure that Directors and any key employees are appropriately incentivised. However, their services cannot be guaranteed.

Competitors

Potential competitors with more resources than the Company may establish themselves or enter into co-operative relationships among themselves or with third parties to enhance their services. Accordingly it is possible that new competitors or alliances may emerge and rapidly acquire significant market share.

Realisation of the Business Plan

The Company's projections and its ability to realise its business plan are reliant on a number of factors outside the Company's control. These include:

- Government action and changes to regulation: The Company's projection of returns to be made from Clean Energy Plants is based on current legislation and licensing requirements. There is no guarantee that the UK Government, or any overseas Government if applicable, will not change the regulatory environment and/or licensing requirements or that Waste Transfer Stations will maintain their licences.
- Planning: The Group's ability to build Clean Energy Plants is wholly dependent on receiving planning permission. There can be no guarantee that such permissions will be forthcoming.
- Financial Returns: The Group's forecasts of returns from Clean Energy Plants is dependent on a number of commercial factors including availability and price of waste, the price of energy sales made and government incentive payments. Each of these elements could vary to the disadvantage of a plant so as to render it uneconomic to operate, or to obtain a contract to build it initially.
- Technology: Although the Company is not directly at risk from new technology as it is able to choose which technology it wishes to use, it is possible that a new technology may be created which is not available to the Company and could render the Company's products and Plants obsolete.

Dependence on Amount Raised

Investors should note that, if the Offer is not fully subscribed the Company will be unable to carry out its business plan in full. In particular the Company's development plans will be scaled back appropriately as will the hiring of new personnel. Accordingly the Company's revenue growth and profitability may be adversely affected and it may be forced to seek further funding which may not be on commercially advantageous terms or may result in the issue of Ordinary Shares by the Company at a price lower than the Offer Price.

Vendors' liabilities

Under the option agreement to acquire Wyre Waste Recycling Limited more specifically described in clause 11 of Part 6, the vendors have provided various warranties and indemnities for the benefit of the Company in relation to the acquisition. Such warranties are limited in extent and are subject to disclosure, time limitations, materiality thresholds and to the extent that any loss suffered by the Company arises outside the warranties or indemnities or to the extent that the indemnifiers are unable to pay amounts awarded to the Company, these costs may be borne by the Company.

Valuation of the Ordinary Shares

The Company valuation inherent in the subscription price under the Offer has been based on the projected earnings of the Company and the future prospects of the business. The Company believes that, with the experience of the management team and the positioning of the Company's products and services, this represents a fair valuation of the business. There can be no guarantee that the business will be able to maintain this valuation.

Force Majeure

The Company may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

Third Party Investors

The Company is reliant on third party investors to invest in its proposed projects and Plants. This financing is not agreed or committed as of the date of this document. If such funding is not obtained, the Company will not be able to build a Plant, which will materially reduce the Company's projections.

Capacity of subcontractors

The Company is dependent upon construction and service subcontractors for the delivery of the Energy Plant projects. The Company's ability to develop and operate a Plant could be adversely affected if the construction and service subcontractors to whom the Company wishes to have exposure do not have sufficient capacity to work with the Company on its chosen projects. In addition, if a subcontractor's work was not of the requisite quality or a subcontractor became insolvent, this could have a material adverse effect on projects in which the Company is involved and may reduce financial returns.

Availability and quality of fuel

The performance of a Clean Energy Plant is conditional on the Operator's ability to ensure that the plant has fuel that is sufficient in both volume and quality for the plant to continue to operate and generate revenue. Whilst the Company will insist on fuel supply agreements for each plant, the component parts that constitute the fuel for Plants are subject to normal market conditions or a supplier may become insolvent. As such there can be no guarantee that a supplier will be able to supply each plant with fuel of sufficient volume and quality.

Plant defects and Construction Guarantees

A Clean Energy Plant typically subcontracts design and construction activities in respect of the plant. The subcontractors responsible for the construction of a project asset will normally retain liability in respect of design and construction defects in the asset for a period (which varies between Plants) following the construction of the asset, subject to liability caps. In addition to this financial liability, the construction subcontractor will also often have agreed an obligation to return to site in order to carry out any remedial works required for a pre-agreed period. The Company will not normally have recourse to any third party for any defects which arise after the expiry of these periods.

Performance Guarantees

Energy Plant projects will be supported by Operating Performance Guarantees provided by key subcontractors. Plant Operating Performance Guarantees provided by subcontractors will be contingent on the continued provision of fuel under fuel supply agreements into the Energy Plant of pre agreed quality and consistency.

B. OTHER RISK FACTORS

Nature of PLUS

No application has yet been made for Admission in respect of the Ordinary Shares. The Directors intend at some future point to make such application however there can be no certainty that such application will be made and that if such application was made that it would be successful.

Upon Admission, it may be difficult for an investor to sell his Ordinary Shares and he may receive less than the amount paid for them. The Ordinary Shares may not be suitable for short-term investment. Investment in shares traded on PLUS often carries a higher degree of risk than an investment in shares quoted on the Official List. The Ordinary Shares will not be quoted on the Official List.

The value of stocks or shares may go down as well as up.

The Placing has not been priced to offer immediate gains and investors must be prepared to take a medium to long-term view of their investment. Substantial movement in the price of shares should not be expected until sufficient time has elapsed for the Company to demonstrate its ability to achieve its plans.

The risks above do not necessarily comprise all those faced by the Company and are not intended to be presented in any assumed order of priority.

PART 3

INFORMATION RELATING TO THE ORDINARY SHARES AND THE PLACING

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Placing is being undertaken to raise up to £400,000 (before expenses) to enable the Group to develop and provide staff to support the construction of three Clean Energy Plants to be built in the North of England.

The proceeds of the Placing will be applied to working capital.

TERMS AND CONDITIONS OF THE PLACING

The Company is raising up to £400,000 (before expenses), through the Placing at the Placing Price. The Ordinary Shares in the Placing will represent 10.31 per cent. of the enlarged issued share capital assuming full subscription. The Ordinary Shares in the Placing will, when issued, rank *pari passu* in all respects with the Ordinary Shares.

The Offer is not being underwritten and Directors may, at their discretion, accept over subscription.

MINIMUM SUBSCRIPTION

The minimum amount which in the opinion of the directors must be raised under the Offer is £50,000 for meeting the costs of the Offer and for working capital requirements of the Company.

MINIMUM APPLICATION

Investors may apply for a minimum application of 10,000 Ordinary Shares and thereafter in multiples of 3,000 Ordinary Shares. Applications must be made on the Application Form and details for the procedure for application are set out below and in Part 7 of this document. The Directors reserve the right to reject in whole or part or to scale down any application.

The subscription list will open at 10.00 am on 7th December 2011 and may be closed at any time thereafter but in any event no later than 5.00 pm on 27th January 2012, unless extended by the Directors.

PLAN OF DISTRIBUTION AND ALLOTMENT

Investors are required to remit a duly completed Application and subscription monies to SLC Registrars Limited to arrive no later than 5.00 pm on 27th January 2012. Definitive share certificates for the Ordinary Shares are expected to be despatched to subscribers by 10th February 2012.

ADMISSION TO TRADING AND DEALING ARRANGEMENTS

No application has yet been made for Admission in respect of the Ordinary Shares. It is the directors' intention that an application will be made to admit the Company's Ordinary Shares to trading on PLUS within 12 months of the date of this document. City & Merchant, a PLUS Corporate Adviser, has agreed to act as the Company's adviser for this purpose.

No application is being made for the Ordinary Shares to be admitted to listing or to be dealt in on any other exchange.

DIRECTORS' LOCK-IN ARRANGEMENTS

The Directors have undertaken that, subject to certain exceptions, without the consent of City & Merchant Limited, they will not sell or otherwise dispose of, or agree to dispose of, any of their interests in the Ordinary Shares they hold at the date of this document for a 12 month period following the admission of the Company's shares to trading on a market or 31st March 2013, whichever is the later.

KEY STAFF SHARE OPTIONS

The Company intends to adopt a management incentive share option scheme and to grant options under such a scheme to recruit/retain/reward directors and key staff. It is proposed to make available options over up to 10 per cent. of the ordinary issued share capital at any time. Any such scheme will be put before Shareholders in general meeting prior to adoption.

DILUTION

If the maximum number of key staff options are granted as described above and then fully exercised the interests of public shareholders pursuant to the current Offer, if fully subscribed, would be diluted, from 56.72 per cent. to 51.05 per cent.

WORKING CAPITAL

The Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Company will be sufficient for the period of 12 months from the date of this document.

DIVIDEND POLICY

The Directors have no stated policy of distribution of profits but intend to develop a policy commensurate with the performance of the Company. The Directors are committed to building and developing the business of the Company. Accordingly, they propose to reinvest any profits generated during the next three years and do not expect to recommend or pay a dividend in that period.

UNLISTED INVESTMENT

The Ordinary Shares are not included in the official UK list and are not admitted to trading on a regulated Market (which does not include the PLUS-quoted market) or a recognised investment exchange.

PART 4

ENTERPRISE INVESTMENT SCHEME

The following is a brief summary only. Investors are strongly recommended to seek professional advice. EIS tax relief can only be claimed by eligible individuals who subscribe for eligible shares in a qualifying company. Grant Thornton UK LLP has agreed to apply for advance assurance from HM Revenue & Customs that it is a qualifying company for the purposes of the Enterprise Investment Scheme. Although it is the Directors' current intention to manage the Company so as to maintain its status as a qualifying company, no undertaking can be made that they will, or will be able to, do so in the future.

Disclaimer

Information and statements above and elsewhere in this Placing document are based on the Directors understanding of current tax law and HM Revenue & Customs practice. This is only a condensed summary and should not be construed as constituting advice. If you are in any doubt as to your tax position, you should contact your professional adviser. The illustrative Tables below are examples only and are not indicative of actual cases.

INCOME TAX RELIEF

EIS tax relief allows an investor to reduce the amount of his, or her, liability to income tax. Relief is obtained at the 30 per cent. rate of income tax, on the amount invested in the shares of EIS qualifying companies. Relief is available on a maximum annual investment of £500,000 (for 2011/12), giving a maximum tax reduction in any one year of £150,000 providing the individual has sufficient income tax liability to cover it (for example, see Table 1).

Table 1

Gross Investment in Shares	£10,000
Less income tax relief of 30%	<u>£(3,000)</u>
Net cost of investment	<u><u>£7,000</u></u>

The relief is generally given for the tax year in which the shares are issued but investors may treat some or all of the shares as issued in the previous year and claim relief in that previous year, subject to the maximum £500,000 relief limit for the year. Investors should note that if an EIS investment made in the 2011/12 tax year is carried back to 2010/11, the rate of relief will be 20 per cent., not 30 per cent. Investors will therefore need to consider carefully whether a carry back claim should be made. The shares must be held for a certain period or income tax relief will be withdrawn. Generally, this is three years from the date the shares were issued, or three years from the date the qualifying trade started, if later. Income tax relief can only be claimed by individuals who are not connected with the Company. An individual can be connected by employment or by having a financial interest of more than 30 per cent. in the Company, together with associates (broadly certain family members, business and trustees of certain trusts).

CAPITAL GAINS TAX DEFERRAL

EIS relief allows investors to defer capital gains tax liabilities, in conjunction with the income tax relief described above. An investor who is UK resident or ordinarily resident at the time that the gain accrues can defer the liability to capital gains tax on any such chargeable gain arising from the disposal of any asset, by investing an amount equivalent to that gain in the shares of an EIS qualifying company (for example, see Table 2). Deferral only applies if the investment in the Company is made no more than one year before or three years after the disposal of the asset to which the gain refers.

Table 2

Gross Investment in Shares	£10,000
Less CGT deferral at 28%	£(2,800)
Less income tax relief of 30%	<u>£(3,000)</u>
Net cost of investment	<u><u>£4,200</u></u>

There are no maximum or minimum amounts for deferral (although an individual company can accept a maximum of £2 million of qualifying investment in any twelve months) and it does not matter whether the investor is connected with the Company or not. There is no minimum period for which the shares must be held; the deferred capital gain is brought back into charge whenever the EIS shares are disposed of, or are deemed to have been disposed of under the EIS legislation.

CAPITAL GAINS TAX EXEMPTION

EIS tax relief exempts investors from the liability to capital gains tax when they dispose of their shares, provided that the disposal takes place at least three years after the issue of the shares (or the commencement of the trade if later) and also provided that EIS income tax relief has not previously been withdrawn. Any gain accruing to the investor on the sale, or disposal of shares is not liable to capital gains tax (for example, see Table 3). As mentioned above, this exemption does not apply to any gain deferred under the Deferral rules which subsequently become liable to Capital Gains Tax when the shares are disposed of.

Table 3

Realised value of investment after 3 years	£20,000
Original net investment in shares after tax relief at 30%	£(7,000)
	<hr/>
Tax free Gain	£13,000
	<hr/> <hr/>

LOSS RELIEF

Loss relief on qualifying unquoted shares allows investors to offset any loss on their investment against either capital gains or taxable income in the year of loss or of the previous year, provided the investor and Company satisfy the relevant statutory requirements. Any EIS income tax relief given is deducted from the capital loss in arriving at the amount of the loss available for relief (for example, see Table 4). If not utilised in this way, losses can be set against capital gains in the year of loss and/or subsequent years, and taxable income in the year of loss and/or the previous year.

Table 4

	<i>50% Taxpayer</i>	<i>40% Taxpayer</i>	<i>20% Taxpayer</i>
Realised value of investment	£Nil	£Nil	£Nil
Original gross cost of investment	£(10,000)	£(10,000)	£(10,000)
Income tax relief at 30%	£3,000	£3,000	£3,000
Loss incurred before tax relief	£(7,000)	£(7,000)	£(7,000)
Income Tax relief	£3,500	£2,800	£1,750
	<hr/>	<hr/>	<hr/>
Net Loss	£3,500	£4,200	£5,250
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

INHERITANCE TAX RELIEF

Unquoted shares in qualifying companies held for at least two years should qualify for business property relief at 100 per cent. regardless of the size of holding or voting entitlement.

Table 5

Value of £10,000 investment after 2 years or more	£20,000
Original net investment in shares after tax relief at 30%	£(7,000)
	<hr/>
Tax free Gain	£13,000
	<hr/>
Inheritance Tax Free value transferred to beneficiaries	£20,000
	<hr/> <hr/>

PART 5

FINANCIAL INFORMATION

The following Financial Statements have been extracted from the Audited Accounts of the Company which have been prepared by Grant Thornton and approved by the Board of Directors on 30th November 2011:

Financial Statements

Reform Energy plc (formerly Reform Energy Solutions plc):

For the period ended 30th June 2011

Directors' report

For the period ended 30th June 2011

The directors present their report and the financial statements for the period ended 30th June 2011.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity and review of business

The company's principal activity is that of providing energy generation and efficiency solutions.

The company was incorporated on 31st March 2011. On 10th May 2011, the company shortened its accounts reference date to 30th June 2011.

The past year has seen significant and very positive change for the company.

Following further considerable research and development efforts by the executive and founder directors, the company has moved from one with real prospects to one that has attracted external funding from new shareholders and that is poised to deliver on those prospects.

In the springtime, the company was restructured to form two wholly owned operating subsidiaries, Reform Energy Solutions Limited and Reform Energy N.W. Limited and this saw the formation of the Group Board to deliver appropriate oversight and governance, which will be essential given the strong and potentially rapid growth envisaged by the Directors.

The company has continued to develop a real expertise in clean energy generation and energy optimisation solutions and has developed and proved the business model for the delivery of these two distinct business streams. Importantly in the year, the company also undertook its first retail fund raising by way of a successful Private Placing which launched via our corporate advisers City and Merchant in April 2011 and subsequent to the year end closed in July 2011 with funds raised of £340k. A further £100k of funding has also been raised since the year end.

The Board expects that the coming year will be one of even greater positive change as we expect to move into strategic alliances to bring forward planning applications and, if successful, operating plans for the Company's first series of clean energy generating plants. We also expect to refine the operating model for Reform Energy Solutions. The Board is looking forward to reporting further strong progress to shareholders in the future. We are also delighted to welcome new shareholders that have joined the company's register during the year and thank them for their support.

Results and dividends

The loss for the period, after taxation, amounted to £72,555.

The directors have not recommended a dividend.

Directors

The directors who served during the period were:

J Lloyd (appointed 8th April 2011)
J D Potter (appointed 31st March 2011)
P L Moss (appointed 8th April 2011)
C Evans (appointed 31st March 2011)
D Foran (appointed 31st March 2011)
S Wrightson (appointed 22nd September 2011)
D G Birch (resigned 8th April 2011)

Financial risk management objectives and policies

The company uses several financial instruments, which include cash and various items, such as trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The main risks arising from the company's financial instruments are liquidity risk and interest rate risk. The directors review and agree policies for managing each of these risks and these policies are summarised below.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Interest rate risk

The company finances its operations through cash at bank. The company's exposure regarding interest rate fluctuations on its borrowings is monitored by management and managed by the mix of facilities in place.

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware; and

- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

Auditor

Grant Thornton UK LLP were appointed as auditors on 28th November 2011 under section 485 of the Companies Act 2006.

This report was approved by the board on 30th November 2011 and signed on its behalf.

P L Moss

Director

Independent auditor's report to the members of Reform Energy plc (formerly Reform Energy Solutions plc)

We have audited the financial statements of Reform Energy plc (formerly Reform Energy Solutions plc) for the period ended 30th June 2011, which comprise the Profit and loss account, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30th June 2011 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

John Shinnick (Senior statutory auditor)

for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor

Liverpool

30th November 2011

Profit and loss account

For the period ended 30th June 2011

	<i>3 months ended 30th June 2011</i>
<i>Note</i>	<i>£</i>
Administrative expenses	(72,555)
Loss on ordinary activities before taxation	<u>(72,555)</u>
Tax on loss on ordinary activities	—
Loss for the financial period	8 <u><u>(72,555)</u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2011 other than those included in the Profit and loss account.

Balance sheet

As at 30th June 2011

	Note	£	2011 £
Fixed assets			
Investments	4		90,000
Current assets			
Debtors: amounts falling due after more than one year	5	32,402	
Debtors: amounts falling due within one year	5	193,521	
Cash at bank		104,829	
		<u>330,752</u>	
Creditors: amounts falling due within one year	6	<u>(338,307)</u>	
Net current liabilities			<u>(7,555)</u>
Total assets less current liabilities			<u>82,445</u>
Capital and reserves			
Called up share capital	7		96,500
Share premium account	8		58,500
Profit and loss account	8		<u>(72,555)</u>
Shareholders' funds	9		<u>82,445</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30th November 2011.

P L Moss

Director

Cash flow statement

For the period ended 30th June 2011

	<i>Note</i>	<i>3 months ended 30th June 2011 £</i>
Net cash flow from operating activities	10	39,829
Acquisitions and disposals	11	(90,000)
Cash outflow before financing		<u>(50,171)</u>
Financing	11	155,000
Increase in cash in the period		<u><u>104,829</u></u>

Reconciliation of net cash flow to movement in net funds/debt

For the period ended 30th June 2011

	<i>3 months ended 30th June 2011 £</i>
Increase in cash in the period	<u>104,829</u>
Movement in net debt in the period	<u>104,829</u>
Net funds at 30th June 2011	<u><u>104,829</u></u>

Notes to the financial statements

For the period ended 30th June 2011

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice).

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

1.2 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.3 Consolidation

The directors consider that the subsidiary undertakings of the company taken together are not material and therefore consolidated financial statements are not presented. These financial statements present information about the company as an individual undertaking and not about its group.

1.4 Going concern

Given the current global financial crisis and economic conditions, the directors are carefully monitoring cash resources within the company.

As well as preparing weekly cash flow forecasts, on a rolling 6 months cycle, to monitor short term cash flow, the directors have prepared cash flow projections for the next 12 months. Based on the headroom shown in the forecasts, the current cash balance and the post year end share issues, the directors are confident that the company will be able to meet its liabilities as they fall due and consequently they have prepared the accounts on a going concern basis.

1.5 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statement and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

2. Operating loss

The loss is stated after charging:

	<i>3 months ended 30th June 2011 £</i>
Auditors' remuneration	4,000
Auditors' remuneration non audit	<u>10,500</u>

3. Staff costs

The company has no employees other than the directors, who did not receive any remuneration.

4. Fixed asset investments

	<i>Investments in subsidiary companies £</i>
Cost or valuation	
Additions	<u>90,000</u>
At 30th June 2011	<u>90,000</u>
Net book value	
At 30th June 2011	<u><u>90,000</u></u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

<i>Name</i>	<i>Class of shares</i>	<i> Holding</i>
Reform Energy Solutions Limited	Ordinary shares	100%
Reform Energy N.W Limited	Ordinary shares	100%
Reform Energy Stations Limited	Ordinary shares	100%

Reform Energy N.W Limited and Reform Energy Stations Limited are dormant companies and have net assets at 30th June 2011 of £1 and £60 respectively.

Reform Energy Solutions Limited principal activity is the sale of energy saving products and services. The net liabilities of the company at 30th June 2011 are £17,502.

5. Debtors

	2011 £
Due after more than one year	
Amounts owed by group undertakings	32,402

	2011 £
Due within one year	
Other debtors	28,038
Prepayments and accrued income	165,483
	<u>193,521</u>

6. Creditors: Amounts falling due within one year

	2011 £
Trade creditors	130,881
Other creditors	140,173
Accruals and deferred income	67,253
	<u>338,307</u>

7. Share capital

	2011 £
Allotted, called up and fully paid	
9,650,000 Ordinary shares of £0.01 each	<u>96,500</u>

On incorporation, 3 ordinary shares were issued and on 6th April 2011, 8,999,997 ordinary shares were issued at par.

On 15th April 2011, the company issued 650,000 ordinary shares of £0.01 each for £0.10 per share bringing the aggregate nominal value to £96,500. The difference between the total consideration of £65,000 and the total nominal value of £6,500 has been credited to the share premium account being £58,500.

8. Reserves

	<i>Share premium account</i> £	<i>Profit and loss account</i> £
Loss for the period	–	(72,555)
Premium on shares issued during the period	<u>58,500</u>	<u>–</u>
At 30th June 2011	<u>58,500</u>	<u>(72,555)</u>

9. Reconciliation of movement in shareholders' funds

	2011 £
Opening shareholders' funds	–
Loss for the period	(72,555)
Shares issued during the period	96,500
Share premium on shares issued (net of expenses)	58,500
	<u>82,445</u>
Closing shareholders' funds	<u>82,445</u>

10. Net cash flow from operating activities

	<i>3 months ended 30th June 2011 £</i>
Operating loss	(72,555)
Increase in debtors	(225,923)
Increase in creditors	338,307
	<u>39,829</u>
Net cash inflow from operating activities	<u>39,829</u>

11. Analysis of cash flows for headings netted in cash flow statement

	<i>3 months ended 30th June 2011 £</i>
Acquisitions and disposals	
Purchase of fixed asset investments	(90,000)
	<u> </u>
Financing	
Issue of ordinary shares	155,000
	<u>155,000</u>

12. Analysis of changes in net debt

	<i>1st April 2011 £</i>	<i>Cash flow £</i>	<i>Other non-cash changes £</i>	<i>30th June 2011 £</i>
Cash at bank and in hand	–	104,829	–	104,829
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net funds	<u> </u>	<u>104,829</u>	<u> </u>	<u>104,829</u>

13. Contingent liabilities

The directors have confirmed that there were no contingent liabilities commitments at 30th June 2011.

14. Related party transactions

During the period the company paid the following directors: J D Potter £15,000, D Foran £5,500 and P L Moss £22,000 for consultancy fees. At the year end, £9,537 was due to J D Potter for consultancy services.

15. Post balance sheet events

On 27th July 2011, the company issued 1,375,000 ordinary shares of £0.01 each for £0.20 per share. On 28th October 2011, the company issued 200,000 ordinary shares of £0.01 each for £0.25 per share. On 25th November 2011, the company issued 80,000 ordinary shares of £0.01 each for £0.25 per share pursuant to an agreement for subscription dated 31st October 2011. On 25th November 2011, the company issued 300,000 ordinary shares of £0.01 each for £0.10 per share pursuant to an agreement for subscription dated 30th April 2011.

16. Capital commitments

The directors have confirmed that there were no capital commitments at 30th June 2011.

PART 6

STATUTORY AND GENERAL INFORMATION

1. Incorporation and Registration

- 1.1 The Company was incorporated in England and Wales with registration number 07586124 on 31st March 2011 as a public limited company with the name Reform Energy Solutions plc. On 8th April 2011 the Company changed its name to Reform Energy plc. The principal legislation under which the Company operates is the Act and the regulations made under it. The liability of the members of the Company is limited.
- 1.2 On 13th April 2011 the Company was issued with a certificate permitting it to commence business and borrow under section 76 1(1) of the Act.
- 1.3 The registered office of the Company is at 1 Portland Street, Manchester M1 3BE.

2. Organisational Structure

- 2.1 As at the date of this document, the Company which is the ultimate holding company of the Group, has the following subsidiaries all of which are incorporated in England and Wales:

<i>Subsidiary</i>	<i>Registered Office</i>	<i>Share Capital Owned</i>
Reform Energy Solutions Limited	1 Portland Street Manchester M1 3BE	100%
Reform Energy NW Limited	1 Portland Street Manchester M1 3BE	100%
Reform Energy Stations Limited	1 Portland Street Manchester M1 3BE	100%

3. Share Capital

- 3.1 On incorporation, 3 ordinary shares of £0.01 each were issued to the subscribers to the Company's Articles of Association (the "Subscriber Shares").
- 3.2 On 6th April 2011, resolutions for the following purposes were duly passed:
 - 3.2.1 to generally and unconditionally authorise the Directors pursuant to and in accordance with section 551 of 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 £160,000 such authority, unless renewed, varied or revoked by the Company, expire 15 months after the passing of the resolution or the next Annual General Meeting of the Company, whichever is the sooner;
 - 3.2.2 to empower the Directors to allot equity securities (as defined by section 560 of the Act) for cash pursuant to the section 551 authority (above) as if as if section 561(1) of the Act did not apply to any such allotment, such power to expire 15 months after the date of the resolution or the date of the next annual general meeting of the Company (whichever is the earlier);
 - 3.2.3 to approve the purchase by the Company of the issued share capital of Reform Energy Limited (now Reform Energy Solutions) pursuant to s.190 of the Act;
 - 3.2.4 to adopt new Articles of Association.

- 3.3 Since incorporation, there have been the following changes in the issued share capital of the Company:
- 3.3.1 On 6th April 2011, the Company issued 8,999,997 ordinary shares of £0.01 each in consideration for the sale to the Company of the whole of the issued share capital of Reform Energy Limited (now Reform Energy Solutions Limited);
 - 3.3.2 On 15th April 2011, the Company issued 650,000 ordinary shares of £0.01 each for 10p per share;
 - 3.3.3 On 27th July the Company issued 1,375,000 ordinary shares of £0.01 each for 20p per share;
 - 3.3.4 On 28th October 2011 the Company issued 200,000 ordinary shares of £0.01 each for 25p per share;
 - 3.3.5 On 25th November 2011 the Company issued 300,000 ordinary shares of £0.01 each for 10p per share in satisfaction of an invoice for the completion of services to the Company rendered over the period up to 30th April 2011;
 - 3.3.6 On 25th November 2011 the Company issued 80,000 ordinary shares of £0.01 each for 25p per share pursuant to an agreement for subscription dated 31st October 2011.
- 3.4 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 3.5 Save as disclosed in this paragraph 3, no share capital or loan capital of the Company has been issued and no share or loan capital of the Company is now proposed to be issued, either fully or partly paid or for cash or any other consideration.
- 3.6 Except as stated in this Part 6:
- 3.6.1 the Company does not have in issue any securities not representing share capital; and
 - 3.6.2 there are no outstanding convertible securities issued by the Company.

4. Articles of Association

The Articles which were adopted by a resolution of the Company on 6th April 2011 include *inter alia* provisions as summarised below:

4.1 Votes of members

Subject to the provisions of the Companies Acts and to any special rights or restrictions as to voting attached to any shares or class of shares or otherwise provided by the Articles:

4.1.1 on a show of hands:

- (i) every member who is present in person shall have one vote;
- (ii) where a proxy is appointed by more than one member (provided that, where some only of those members by whom the proxy is appointed instruct the proxy to vote in a particular way, those members all instruct such proxy to vote in the same way on a resolution (either “for” or “against”)) such proxy shall be entitled to cast a second vote the other way in relation to any discretionary vote(s) given to him by other members by whom such proxy is appointed; and
- (iii) every corporate representative present who has been duly authorised by a corporation shall have the same voting rights as the corporation would be entitled to; and

4.1.2 on a poll every member who is present in person or by duly appointed proxy or corporate representative shall have one vote for every share of which he is the holder or in respect of which his appointment of proxy or corporate representative has been made.

4.2 Transfer of shares

4.2.1 *Form of transfer*

Each member may transfer all or any of his shares, in the case of certificated shares, by instrument of transfer in writing in any usual form or in any form approved by the Board, or, in

the case of uncertificated shares, without a written instrument in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/37555) (“Uncertificated Regulations”). Any written instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the register of members of the Company in respect of it.

4.2.2 *Right to refuse registration*

The Board may in its absolute discretion refuse to register any transfer of a certificated share unless it is:

- (i) in respect of a share which is fully paid up;
- (ii) in respect of a share on which the Company has no lien;
- (iii) in respect of only one class of shares;
- (iv) in favour of a single transferee or not more than four joint transferees;
- (v) duly stamped (if so required); and
- (vi) delivered for registration to the registered office for the time being of the Company, or such other place as the Board may from time to time determine, accompanied (except in the case of a transfer by a financial institution where a certificate has not been issued) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or if the transfer is executed by some other person on his behalf, the authority of that person to do so, provided that such discretion may not be exercised in such a way as to prevent dealings in such shares from taking place on an open and proper basis.

4.3 **Dividends**

4.3.1 *Declaration of dividends*

Subject to the provisions of the Companies Acts and of the Articles, the Company may by ordinary resolution declare that out of profits available for distribution dividends be paid to members according to their respective rights and interests in the profits of the Company available for distribution. However, no dividend shall exceed the amount recommended by the Board.

4.3.2 *Interim dividends*

Subject to the provisions of the Companies Acts and of the Articles, the Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appear to the Board to be justified by the profits of the Company available for distribution and the position of the Company. If at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividend as well as on shares conferring preferential rights unless at the time of payment any preferential dividend is in arrears. Provided that the Board acts in good faith it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer in consequence of the declaration of, or by the lawful payment of, any interim dividend on any shares ranking after those with preferential rights.

4.4 **Return of Capital**

If the Company is wound up, the surplus assets remaining after payment of all creditors are to be divided among the members in proportion to the capital which at the commencement of the winding up is paid up on the shares held by them respectively and, if such surplus assets are insufficient to repay the whole of the paid up capital, they are to be distributed so that as nearly as may be the losses are borne by the members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. This Article 159.2 is subject to the rights attached to any shares which may be issued on special terms or conditions.

4.5 **Share capital: other provisions**

4.5.1 *Variation of Rights*

Subject to the provisions of the Companies Acts, if at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any share or class of shares in the Company (and notwithstanding that the Company may be or be about to be in liquidation) may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with:

- (i) the consent in writing of the holders of not less than three quarters in nominal value of the issued shares of the class; or
- (ii) with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class duly convened and held as provided in the Articles (but not otherwise).

The foregoing provisions shall apply also to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the separate rights of which are to be varied.

4.6 **Directors**

Unless and until otherwise determined by the Company by ordinary resolution the number of Directors (other than any alternate Directors) shall be not less than two or more than 10.

4.6.1 *Share qualification*

A Director shall not be required to hold any shares of the Company.

4.6.2 *Directors' fees*

The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time to time determine (not exceeding £250,000 per annum in aggregate or such other sum as the Company in general meeting shall from time to time determine). Such sum (unless otherwise directed by the resolution of the Company by which it is voted) shall be divided among the Directors in such proportions and in such manner as the Board may determine or in default of such determination, equally (except that in such event any Director holding office for less than the whole of the relevant period in respect of which the fees are paid shall only rank in such division in proportion to the time during such period for which he holds office). Such fees shall be distinct from any salary, remuneration or other amounts payable to a Director and permitted by the Articles and shall accrue from day to day.

4.6.3 *Directors' expenses*

Each Director shall be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in or about the performance of his duties as Director, including any expenses incurred in attending meetings of the Board or any committee of the Board or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company.

4.6.4 *Disclosure of interests to the Board*

- (i) A Director must declare the nature and extent of his interest to the other Directors in any matter of situation in which the Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (including, without limitation, in relation to the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it).
- (ii) If a Director is in any way, directly or indirectly, interested in a proposed transaction or arrangement with the Company, he must declare the nature and extent of that interest to the other Directors.

- (iii) If a Director is in any way, directly or indirectly, interested in a transaction or arrangement which has already been entered into by the Company, he must declare the nature and extent of his interest to the other Directors.

The declaration of interest must (in the case of paragraph (iii) above) and may, but need not (in the case of (i) or (ii) above), be made (i) at a meeting of the Directors, or (ii) by notice to the Directors in accordance with (a) Section 184, 2006 Act (Notice in writing); or (b) Section 185, 2006 Act (General notice).

No declaration is required in relation to an interest of which the Director is not aware, or where the Director is not aware of the transaction or arrangement in question. For this purpose, a Director is treated as being aware of matters of which he ought reasonably to be aware.

4.7 Appointment and retirement of directors

4.7.1 Power of Company to appoint directors

Subject to the provisions of the Articles and to the Companies Acts, the Company may by ordinary resolution appoint a person who is willing to act to be a Director, either to fill a vacancy, or as an addition to the existing Board, and may also determine the rotation in which any additional Directors are to retire, but the total number of Directors shall not exceed the maximum number (if any) for the time being fixed in accordance with the Articles.

4.7.2 Power of Board to appoint directors

Without prejudice to the power of the Company to appoint any person to be a Director, the Board shall, subject to the provisions of the Companies Acts, have power at any time to appoint any person who is willing to act as a Director, either to fill a vacancy or as an addition to the existing Board, but the total number of Directors shall not exceed any maximum number fixed in accordance with the Articles. Any Director so appointed shall hold office only until the annual general meeting of the Company next following such appointment and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation at that meeting.

4.7.3 Retirement by rotation

- (i) Any Director appointed by the Board shall retire at the annual general meeting of the Company next following his appointment.
- (ii) At any annual general meeting of the Company, any Director who has not been appointed or re-appointed at either two previous annual general meetings of the Company shall retire.
- (iii) If, at any annual general meeting of the Company, the number of Directors required to retire pursuant to paragraph (B) above is less than one third of the total number of Directors calculated in accordance with paragraph (D) below (rounded down to the nearest whole number (the "Relevant Proportion"), such number of additional Directors ("Additional Directors") as is required (when taken together with the Directors required to retire pursuant to paragraph (D) of this article) to constitute the Relevant Proportion shall retire at such annual general meeting of the Company. Subject to the Articles, the Additional Directors to retire shall be those who have been the longest to have held office since their appointment or re-appointment but, as between persons who were appointed or were last appointed or re-appointed Directors on the same day, those to retire shall (unless otherwise agreed between them) be determined by lot.
- (iv) In calculating the "total number of Directors" for the purposes of determining which Directors are to retire by rotation, any Director who:
 - (i) wishes to retire and not be re-elected; or
 - (ii) has been appointed to the Board by resolution of the Board following the last general meeting shall be disregarded.

4.7.4 *Re-election of retiring directors*

A Director who retires at an annual general meeting of the Company (whether by rotation or otherwise) may, if willing to act, be re-appointed. If the Company, at the meeting at which a Director retires by rotation, does not fill the vacancy created by his retirement, the retiring Director shall, if willing to act, be deemed to have been re-appointed unless at the meeting it is expressly resolved not to fill the vacancy or unless a resolution for the re-appointment of the Director is put to the meeting and lost or unless the retiring Director has given notice in writing to the Company that he is unwilling to be re-elected or unless the default in filling the vacancy is due to the moving of a resolution in contravention of the Articles.

4.7.5 *Timing of retirement*

The retirement of any Director retiring at an annual general meeting in accordance with the Articles shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost in which case the retirement shall take effect at the time of election of his replacement or the time of the losing of that resolution as the case may be. A retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

4.7.6 *Meetings and proceedings of directors*

Subject to the provisions of the Articles and the Companies Acts, the Board may meet for the despatch of business, adjourn and otherwise regulate its proceedings as it thinks fit. One Director may and the company secretary at the request of a Director shall summon a Board meeting at any time. Notice of a Board meeting shall be deemed to be properly given to a Director if is given to him personally or by word of mouth or sent in writing (whether in hard copy form or electronic form) to him at his last known address or any other address (including electronic address) given by him to the Company for this purpose.

4.8 **Borrowing powers**

Subject as provided by the Articles the Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities, whether as primary or collateral security for any debt, liability or obligation of the Company or any other party. The Directors shall so restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries as to secure (so far as by such exercise they can secure) that the aggregate amount for the time being remaining undischarged of all sums borrowed by the Company and its subsidiaries (exclusive of sums borrowed from or owing to the Company or any such subsidiary) shall not at any time exceed an amount equal to three times the share capital and consolidated reserves of the Company (as defined in article 107 of the Articles) without the previous sanction of an ordinary resolution of the Company in general meeting.

5. **Directors' shareholdings and other interests**

5.1 The interests of the Directors (all of which are beneficial unless otherwise stated) in the issued share capital of the Company as at the date of this document and immediately following Admission, the existence of which is known or which could, with reasonable diligence, be ascertained by the Directors are, and will be, as follows:

<i>Director</i>	<i>No. of ordinary shares held prior to the Offer</i>	<i>Percentage of issued ordinary share capital prior to the Offer</i>	<i>No. of ordinary shares held assuming full subscription</i>	<i>Percentage of issued ordinary share capital assuming full subscription</i>
Jonathan Lloyd	150,000	1.29%	150,000	1.16%
John Potter	2,000,000	17.23%	2,000,000	15.46%
Christopher Evans	1,650,000	14.22%	1,650,000	12.75%
David Foran	1,500,000	12.93%	1,500,000	11.59%
Peter Moss	300,000	2.59%	300,000	2.32%
Simon Wrightson	0	0%	0	0%

- 5.2 At the date of this document, the Directors are not aware that any shareholder (other than certain of the Directors as described in paragraph 5.1), will be interested, directly or indirectly, in 3 per cent. or more of the votes able to be cast at general meetings of the Company other than the following persons:

<i>Name</i>	<i>No. of ordinary shares held</i>	<i>Percentage of issued ordinary share capital</i>	<i>No. of ordinary shares held assuming full subscription</i>	<i>Percentage of issued ordinary share capital assuming full subscription</i>
David Birch	1,500,000	12.93%	1,500,000	11.59%
Andrew Park	1,100,000	9.48%	1,100,000	8.5%
Gordon Anderson	1,000,000	8.62%	1,000,000	7.73%
Jonathan Beachey	350,000	3.02%	350,000	2.71%
Stuart McBain	350,000	3.02%	350,000	2.71%

- 5.3 Save as disclosed above, and in so far as the Company has the information, the Directors are not aware of anyone who either alone or, if connected, will (directly or indirectly) exercise or could exercise control over the Company.

6. Additional Information on the Directors

- 6.1 The directorships of the Directors currently held and held in the five years preceding the date of this document (other than of the Company) are as follows:

<i>Director</i>	<i>Current directorships</i>	<i>Past directorships</i>
John Potter	APA Developments Ltd Hirad Ltd	Holmeside Consultancy Ltd Lifetime Composites Ltd
Jonathan Lloyd	Tilfen Land Ltd Winksley Consulting Ltd	UK Coal Mining Ltd (resigned 15/11/2010) UK Coal PLC (resigned 15/11/2010) EOS Inc. Ltd (resigned 15/11/2010) Harworth Estates (Agricultural Land) Ltd (resigned 15/11/2010) Harworth Estates Ltd (resigned 15/11/2010) Centechology (UK) Ltd (resigned 15/11/2010) Harworth Estates (Waverly Prince) Ltd (resigned 15/11/2010) Harworth Group Ltd (resigned 15/11/2010) Harworth Guarantee Co. Ltd (resigned 15/11/2010) Harworth Mining Ltd (resigned 15/11/2010) Harworth Mining Services Ltd (resigned 15/11/2010) Harworth Power Ltd (resigned 15/11/2010) Mining Services Ltd (resigned 15/11/2010) R&A Young Mining Ltd (resigned 15/11/2010) UK Coal (Deep Mines) Ltd (resigned 15/11/2010) UK Coal Holdings Ltd (resigned 15/11/2010)

<i>Director</i>	<i>Current directorships</i>	<i>Past directorships</i>
Jonathan Lloyd (continued)		Harworth Estates (Development Properties) Ltd (resigned 15/11/2010) Potland Burn Ltd (resigned 15/11/2010) Countrywide (33 Old Broad Street) Ltd (resigned 15/11/2010) Coal Resources Ltd (Resigned 15/11/10) Parklands Colliery Ltd (Resigned 15/11/10)
Dave Foran	Reform Energy Solutions Ltd Reform Energy Stations Ltd Reform Energy N.W. Ltd Paperback Collection and Recycling Ltd New Lighting Technology (Holdings) Ltd NLT LED Solutions Ltd	Simply Suits Ltd (Resigned 05/11/09) Tokyo Digital Investments LLP (Resigned 27/05/11) Switch Media Ltd (Resigned 26/04/11) Switch Media (Ireland) Ltd (Resigned 26/04/11) Shelf SMB PLC (Resigned 14/08/11)
Simon Wrightson	None	Kestrel Plant Ltd (Resigned 16/09/11) P J Douglas Holdings Ltd (Resigned 16/09/11) Peter J Douglas Engineering Ltd (Resigned 16/09/11) PJD Business Services Ltd (Resigned 16/09/11) PJD Energy Ltd (Resigned 16/09/11) PJD Environmental Ltd.(Resigned 16/09/11) PJD Group Ltd.(Resigned 16/09/11) PJD Industrial Ltd.(Resigned 16/09/11)
Peter Moss	CPL Training Group Ltd CPL Training Ltd CPL Online Ltd CPL Learning Ltd CDO Group Ltd	Quantum Microponents Ltd (Resigned 01/09/07) Dolphin Enterprises Europe Ltd (Resigned 31/12/10) Dolphin Music Holdings Ltd (Resigned 31/12/10) Capability Ltd (Resigned 30/04/11)
Christopher Evans	LC Acquisition Finance LLP SC Capital Partners LLP Switch Media Ltd Switch Media (Ireland) Ltd TM Team Ltd	Shelf SMB PLC (Resigned 14/08/11) Simply Suits Ltd (Resigned 05/11/09) Switch Host Ltd Dissolved 29/06/11) SM Nominees Ltd (Dissolved 17/03/10) Thai Restaurant Project Ltd (Resigned 20/08/10) Tokyo Digital Investments LLP (Resigned 27/05/11) Tokyo Digital Ltd (Resigned 06/01/2011) Closure ESC C16 (06673037) Ltd (Resigned 13/04/11) Closure ESC C16 (06434018) Ltd (Resigned 14/08/11) Terry Capital Ltd (Dissolved 05/08/09)

- 6.2 Mr Evans and Mr Foran were Non-executive directors of Simplysuits Limited from which they resigned on 5th November 2009. The company was subsequently placed in to liquidation on 5th July 2010 with a deficit of approximately £36,000 of which Mr Evans was the largest creditor. Mr Moss was a director of Quantum Microponents Limited from which he resigned on 1st September 2007. This company was subsequently placed in to liquidation on 23rd January 2008.
- 6.3 Other than as stated above, none of the Directors have any unspent convictions, have been declared bankrupt or have been the subject of an individual voluntary arrangement. None of the Directors were directors of any company at the time of, or within the 12 months preceding, its bankruptcy, receivership, administration, liquidation, company voluntary arrangement or composition or arrangement with its creditors generally. There have been no public criticisms of any of the Directors by any statutory or regulatory authority and no Director has ever been disqualified by a Court from acting as a Director of a Company or from acting in the management or conduct of the affairs of any company. No Director was partner in any partnership at the time or within 12 months preceding its compulsory liquidation, dissolution, administration or partnership or voluntary arrangement. None of the Directors has been contacted by the Department of Trade and Industry, or equivalent in other jurisdictions, in connection with their conduct with respect to any of the companies set out above.

7. Directors' Letters of Appointment and Emoluments

- 7.1 The services of Mr Lloyd are supplied pursuant to the terms of an Appointment Letter between Mr Lloyd and the Company. The appointment is for an initial term of one year terminable by either party on one months' notice in writing served at any time. With effect from 1st November Mr Lloyd will be entitled to directors fees of £2,000 per calendar month but has agreed to limit those fees to £1,000 until REIFL is in a position to provide funding to the Company.
- 7.2 The services of Mr Potter are to be supplied pursuant to the terms of a service agreement between Mr Potter and the Company. The appointment is for an indefinite period, terminable by either party by three months' notice in writing served at any time. Annual remuneration is in the sum of £125,000 or as otherwise agreed from time to time in accordance with the service agreement, in respect of which Mr Potter has agreed to take a reduced salary of £90,000 per annum until such time as the Company is able (in the opinion of a committee of the Board constituting the non-executive Directors) to pay the full contractual amount.
- 7.3 The services of Mr Foran are to be supplied pursuant to the terms of a service agreement between Mr Foran and the Company. The appointment is for an indefinite period, terminable by either party by three months' notice in writing served at any time. Annual remuneration is in the sum of £90,000 or as otherwise agreed from time to time in accordance with the service agreement. in respect of which Mr Foran has agreed to waive his salary until such time as the Company is able (in the opinion of a committee of the Board constituting the non-executive Directors) to pay the full contractual amount.

Until such time as Mr Forans' service agreement is activated his services are being supplied at a rate of £500 per day such fees to be capped at £5,000 per month.

- 7.4 The services of Mr Moss are to be supplied pursuant to the terms of a service agreement between Mr Moss and the Company. The appointment is for an indefinite period, terminable by either party by three months' notice in writing served at any time. Annual remuneration is in the sum of £12,000 or as otherwise agreed from time to time in accordance with the service agreement in respect of which sum Mr Moss has agreed to waive his salary until such time as the Company is able (in the opinion of a committee of the Board constituting the non-executive Directors) to pay the full contractual amount.
- 7.5 The services of Mr Wrightson are to be supplied pursuant to the terms of a service agreement between Mr Wrightson and the Company. The appointment is for an indefinite period, terminable by either party by three months' notice in writing served at any time. Annual remuneration is in the sum of £125,000 or as otherwise agreed from time to time in accordance with the service agreement, in respect of which Mr Wrightson has agreed to take a reduced salary of £90,000 per annum until such time as the Company is able (in the opinion of a committee of the Board constituting the non-executive Directors) to pay the full contractual amount.

- 7.6 The services of Mr Evans are supplied pursuant to the terms of an Appointment Letter between Mr Evans and the Company. The appointment is for an initial term of one year terminable by either party on one months' notice in writing served at any time. With effect from 1st November Mr Evans will be entitled to directors fees of £2,000 per calendar month but has agreed to limit those fees to £1,000 until REIFL is in a position to provide funding to the Company.

Save as set out above, there are no existing or proposed service agreements between any of the Directors and the Company.

8. Taxation

The following paragraphs are intended as a general guide only for shareholders who are resident and/or ordinarily resident in the United Kingdom for tax purposes, holding Ordinary Shares as investments and not as securities to be realised in the course of a trade, and are based on current legislation and UK HM Revenue & Customs practice. Any prospective purchaser of Ordinary Shares who is in any doubt about his tax position or who is subject to taxation in a jurisdiction other than the UK should consult his own professional adviser immediately.

8.1 Taxation of Chargeable Gains

For the purposes of UK tax on chargeable gains, the issue of Ordinary Shares pursuant to the Offer will be regarded as an acquisition of a new holding in the share capital of the Company. To the extent that a shareholder acquires Ordinary Shares allotted to him, the Ordinary Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Ordinary Shares will constitute the base cost of a shareholder's holding. If a Shareholder disposes of all or some of his Ordinary Shares, a liability to tax on chargeable gains may, depending on his circumstances arise at a maximum rate of 28 per cent.

8.2 Loss Relief

If an investor is an individual or an investment company, relief for losses incurred by that investor on disposal of the Ordinary Shares may be available under Sections 131 to 133 of the Income Tax Act 2007 (for individuals) and Sections 68 to 71 of the Corporation Tax Act 2010 (for companies) against income of the same or prior year, or carried forward and set against gains in future tax years. The relief should be available provided the Company and the investor satisfy the relevant statutory requirements.

8.3 Inheritance Tax

Unquoted Ordinary Shares representing minority interests in trading companies such as the Company potentially qualify for business property relief which gives up to 100 per cent. exemption from Inheritance Tax. Therefore, where an investor dies or makes an outright gift on which inheritance tax would be chargeable, no tax should be payable in respect of the value of the shares, provided certain conditions are met. The main condition is that the investor held the shares for two years before the date of transfer or death.

8.4 Stamp Duty and Stamp Duty Reserve Tax

No stamp duty or stamp duty reserve tax ("SDRT") will generally be payable on the issue of the Ordinary Shares.

Stamp duty and SDRT treatment will be as follows:

- in relation to the Offer Shares, no liability to stamp duty or SDRT will arise on their issue or on the issue of definitive share certificates by the Company (provided that the Offer Shares are not issued to, or to a nominee or agent for, a person whose business is or includes the provision of clearance services or issuing depository receipts);
- the transfer of Ordinary Shares outside the CREST system will generally be liable to stamp duty on the instrument of transfer at the rate of 0.5 per cent. of the amount or value of the consideration given (rounded up to the nearest multiple of £5). Stamp duty is normally the liability of the purchaser or transferee of the Ordinary Shares. An agreement to transfer Ordinary Shares will generally be subject to SDRT at 0.5 per cent. of the agreed consideration. If, however, within the period of six years of the date of the agreement or, in the case of a conditional agreement, the date on which it becomes unconditional, an instrument of transfer is executed pursuant to the

agreement and stamp duty is paid on that instrument, any liability to SDRT will be repaid or cancelled. SDRT is normally the liability of the purchaser or transferee of the Ordinary Shares;

- no stamp duty or SDRT will arise on a transfer of Ordinary Shares into CREST for conversion into uncertified form, unless such transfer is made for a consideration in money or money's worth, in which case a liability to stamp duty or SDRT will arise, usually at the rate set out above;
- a transfer of Ordinary Shares effected on a paperless basis within CREST will generally be subject to SDRT at the rate of 0.5 per cent. of the amount or value or the consideration. CREST is obliged to collect SDRT from the purchaser of the Ordinary Shares on relevant transactions settled within the system; and
- where Ordinary Shares are issued or transferred: (i) to, or to a nominee for, a person whose business is or includes the provision of clearance services; or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depository receipts, stamp duty (in the case of a transfer only to such persons) or SDRT may be payable at a rate of 1.5 per cent. of the amount or value of the consideration payable or, in certain circumstances, the value of the Ordinary Shares or, in the case of an issue to such persons, the issue price of the Ordinary Shares. Special rules apply to certain categories of person including intermediaries, market makers, brokers and dealers, and persons connected with depository arrangements and clearance services. (e) Dividends and Other Distributions Dividends paid by the Company will carry an associated tax credit of one-ninth of the cash paid. Shareholders resident in the UK receiving such dividends will be liable to income tax on the aggregate of the dividend and associated tax credit. From 2010/11 there are three rates of tax for dividends. Dividends otherwise taxable at the 20 per cent. basic rate will continue to be taxable at the 10 per cent. dividend ordinary rate and dividends otherwise taxable at the 40 per cent. higher rate will be taxable at the 32.5 per cent. dividend upper rate. Dividends otherwise taxable at the new 50 per cent. additional rate will be taxable at a new 42.5 per cent. dividend additional rate. Individual shareholders whose income tax liability is less than the tax credit will not be entitled to claim a repayment of all or part of the tax credit associated with such dividends. A UK resident corporate shareholder should not be liable to corporation tax or income tax in respect of dividends received from the Company unless that company is carrying on a trade of dealings in shares. UK corporate shareholders holding 10 per cent. or more of the Company's share capital may be entitled to claim relief against UK corporation tax in respect of the Company's underlying tax. Trustees of discretionary trusts are liable to account for income tax at the rate applicable to trusts on the trust's income and are required to account for tax at the dividend trust rate, currently 42.5 per cent. Persons who are not resident in the UK should consult their own tax advisers on the possible application of such provisions and on what relief or credit may be claimed for any such tax credit in the jurisdiction in which they are resident. These comments are intended only as a general guide to the current tax position in the UK as at the date of this document. The comments assume that Ordinary Shares are held as an investment and not as an asset of financial trade. If you are in any doubt as to your tax position, or are subject to tax in a jurisdiction other than the UK, you should consult your professional adviser.

9. Working Capital

The Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Company will be sufficient for the period of 12 months from the date of this document.

10. Litigation

The Company has not been, and is not currently, engaged in any governmental, legal or arbitration proceedings and, so far as the Directors are aware, there are no proceedings pending or threatened against the Company.

11. Material Contracts

11.1 The following material contracts, not being a contract entered into in the ordinary course of business, have been entered into by the Company since incorporation and are, or may be, material:

- 11.1.1 the Directors agreements for services as set out in paragraph 7 above;

- 11.1.2 on 6th April 2011 the Company enter into a Share Sale Agreement between John Potter and Others (1) and the Company (2) pursuant to which the Company agreed to purchase the whole of the issued share capital of Reform Energy Limited in consideration for the allotment of 8,999,997 ordinary shares of £0.01 each;
- 11.1.3 By an agreement dated 18th January 2011 City & Merchant was appointed by the Company to prepare and market the Initial Placing to prospective investors. By an addendum to that agreement dated 4th November 2011 City & Merchant were engaged to raise further funds for the Company by way of the Placing. A documentation fee of £5,000 plus VAT is payable and in addition the Company has agreed to pay variable fees of up to 20 per cent. (plus VAT) of the gross proceeds of the Offer to City & Merchant. The appointment is exclusive for a period of 12 months;
- 11.1.4 By the agreement dated 18th January 2011 and the addendum dated 4th November between the Company and City & Merchant, the Company has agreed to grant an option to subscribe at par of the Company for such number of Shares as shall constitute 5 per cent. of the capital as enlarged by the Placing;
- 11.1.5 By an agreement dated 25th October 2011 the Company entered into a retainer arrangement with City & Merchant for general corporate finance advice. The retainer fees were £1,250 per month for October and November 2011 and rise to £1,500 per month from 1st December 2011. The agreement is terminable upon 3 months notice by either party;
- 11.1.6 Each of the Directors has agreed until the later of either the date 12 months from the date shares in the Company are admitted to trading on a public market or 31st March 2013, that he will not dispose of any of the Ordinary Shares to which he is legally or beneficially entitled. These restrictions are subject to customary exceptions including where there has been an acceptance of an offer for the entire issued share capital of the Company or the giving of an irrevocable undertaking to accept an offer;
- 11.1.7 On 5th December 2011, the Company entered into an Option Agreement with Andrew Park and Elaine Park by which the Company was granted a call option to purchase the whole of the issued share capital of Wyre Waste Recycling Limited. The option is exercisable by the Company in the period of 12 months following the granting of planning consent for the Company's first Clean Energy Plant. The purchase price for the shares is the net asset value of Wyre Waste Recycling Limited at the month end immediately prior to the exercise of the option as ascertained by completion accounts to be prepared following exercise of the option. The consideration shall be satisfied by the allotment of shares in the Company at the then market value of the Company's shares as certified by the Company's accountants.

Other than the above there are no material related party transactions required to be disclosed to which the Company was a party during the last twelve months.

12. General

- 12.1 There has been no significant adverse change in the financial or trading position of the Company since 30th June 2011 being the date to which the audited accounts have been drawn up.
- 12.2 City & Merchant Limited of Salisbury House, 29 Finsbury Circus, London EC2M 5QQ which is authorised and regulated by the Financial Services Authority, has given and not withdrawn its written consent to the issue of this document with its name included in it and references to it in the form and context in which they appear.
- 12.3 Assuming full subscription, the expenses of and incidental to the Placing are estimated at £62,500 (excluding recoverable VAT) which includes up to approximately £57,500 payable to financial intermediaries payable by the Company.
- 12.4 There are no restrictions on the free transferability of the Shares.
- 12.5 There are no arrangements under which future dividends are waived or agreed to be waived.

12.6 The Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made, nor are there intended to be, any other arrangements for there to be dealings in the Ordinary Shares.

12.7 Save as disclosed in this document the Directors are not aware of any exceptional factors which have influenced the Company's activities nor are the directors aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year.

12.8 Save as disclosed in this document and for the advisers named in Part 1, no person other than trade suppliers in the ordinary course of business has received any fees, securities in the Company or other benefit to a value exceeding £10,000, directly or indirectly, from the Company during the 12 months preceding the date of this document or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit in the future.

Copies of this document are available free of charge to the public at the registered office of the Company and at City & Merchant Limited, Salisbury House, 29 Finsbury Circus, London EC2M 5QQ during normal business hours on any weekday (weekends and public holidays excepted) until close of business on 27th January 2012.

Dated: 7th December 2011

PART 7

TERMS, CONDITIONS AND PROCEDURE FOR APPLICATION

1. Applications for Ordinary Shares are subject to the terms and conditions included in the Application Form and set out below.
2. The basis of allotment will be determined by the Directors in their absolute discretion. The Directors reserve the right:
 - (a) to reject any application in whole or in part or to scale down any applications or to accept applications on a “first come first served” basis;
 - (b) to extend the period during which the subscription list remains open; and
 - (c) to treat any application as valid and binding on an applicant even if the Application Form is not complete in all respects or is not accompanied by a power of attorney where required.
3. The Application Form should be completed in full and sent or delivered to the address set out on the Application Form together with a remittance for the full amount payable. Cheques must be payable to “SLC Registrars – Reform Energy plc A/C” and crossed “A/C Payee” and should be drawn in sterling on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man). Applications must be for a minimum of 10,000 Ordinary Shares and thereafter in multiples of 3,000 Ordinary Shares. The issue price of the Ordinary Shares is 30 pence per share and applications must therefore be for a minimum of 10,000 Ordinary Shares at an aggregate price of £3,000 and thereafter in multiples of £900 for each additional tranche of 3,000 Ordinary Shares applied for (or such smaller number for which the application may be accepted). Applicants are advised to allow two full business days for delivery through the post and to use first class mail. Applications will not be acknowledged.
4. The right is reserved to present all cheques and banker’s drafts on receipt and to retain certificates for ordinary shares and any monies returnable pending the clearance of all cheques or pending investigations of any suspected breach of the terms applying to the application. All cheques, certificates and other documents sent or returned to applicants will be sent at the risk of the person(s) entitled thereto.
5. Cheques will be presented for payment on receipt into an interest bearing collection account with Barclays Bank plc. If any application is not accepted, the amount paid on application will be returned without interest, in each case sent through the post at the applicant’s risk.
6. By completing and delivering an Application Form, you irrevocably undertake as follows:
 - (a) to subscribe for the number of shares specified in the Application Form, on the terms of, and subject to, the conditions set out in this document, including these terms and conditions and subject to the memorandum and articles of association of the Company;
 - (b) to accept such Ordinary Shares as may be allotted to you in accordance with paragraph 1 or such lesser number of Ordinary Shares in respect of which this application may be accepted;
 - (c) that all applications, acceptances, allotments and contracts arising from it will be governed by and construed in accordance with English law;
 - (d) that you are not under the age of 18 and that if you sign the Application Form on behalf of somebody else or a corporation you have the authority to do so and such person will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions of application;
 - (e) you authorise the Company or any of its respective agents to send by post a share certificate for the number of Ordinary Shares for which your application is accepted and/or a crossed cheque and/or return your cheque(s) or banker’s draft(s) for any monies returnable, in each case at the risk of the person(s) entitled thereto, to your address (or that of the first named applicant) as set out in the Application Form and to procure that your name (together with the name(s) of any other joint applicant(s)) is/are placed on the Register of Members of the Company in respect of such Ordinary Shares;

- (f) that you are not relying on any information or representation other than those contained in the document and accordingly you agree that neither the Company nor any person responsible solely or jointly for this Placing Memorandum or any part thereof shall have any liability for any such other information or representation;
 - (g) on request by the Company, to disclose promptly in writing to it any information which it may request in connection with your application; and
 - (h) that the remittance accompanying your Application Form will be honoured at first presentation and agree that if it is not so honoured the Company may (without prejudice to any other rights it may have) avoid the agreement to allot the relevant Ordinary Shares and may allot or sell them to some other person in which case you will not be entitled to any refund or payment in respect thereof.
7. Applications will not be accepted from person's resident in the United States of America, Canada, Australia, Japan, or the Republic of South Africa and by completing and returning the Application Form the applicant warrants that he is not a person so resident. No person receiving a copy of this Placing Memorandum and/or an Application Form in any other territory (other than the United Kingdom), may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form, unless in the relevant territory such an invitation or offer could lawfully be made to him and such Application Form could lawfully be used without contravention of any regulation or other legal requirements. It is a condition of any application by any such person outside the United Kingdom that he has satisfied himself as to the full observance of the laws of any relevant territory, including the obtaining of any governmental or other consents which may be required and has observed any other formalities in such territory and paid any issue, transfer or other taxes required to be paid in such territory in respect of any Ordinary Shares acquired under the Offer. The completion of an Application Form shall constitute a warranty that the person completing such application form has observed such laws and formalities in full and paid such issue, transfer or other taxes. The Company reserves the right to request applicants to produce evidence satisfactory to them of their right to apply for Ordinary Shares under the Offer and that such application would not result in the Company, its advisers or the Directors being in breach of any laws or regulations of the relevant jurisdiction.
8. The Company reserves the right to treat any application, which does not comply strictly with the terms and conditions of the application as nevertheless valid.
9. No letters of allotment or other renounceable or temporary documents of title or receipts will be issued in respect of accepted applications but share certificates will be dispatched within 28 days of allotment.
10. Applications will be irrevocable.
11. Verification of identity requirements of the Money Laundering Regulations 2007 will apply and verification of the identity of the applicant(s) may be required in the Directors' absolute discretion. A failure to provide the necessary evidence of identity may result in the rejection of your application or in delays in the dispatch of a share certificate or the return of application monies. In order to avoid this, you should ideally make payment by means of a cheque drawn by the person named in Box 5 of the Application Form. If this is not practicable and you use a cheque drawn by a third party or a building society cheque or banker's draft, you should:
- (a) write the name and address of the person named in Box 5 of the Application Form on the back of the cheque, building society cheque or banker's draft;
 - (b) if a building society cheque or banker's draft is used, ask the building society to endorse on the cheque or bankers draft the name and account number of the person whose building society or bank account is being debited. The bank or building society endorsement should be overlaid with the branch stamp; and
 - (c) if you are making the application as agent for one or more persons, indicate in the bottom of the Application Form whether you are a UK or EC regulated person or institution (e.g. a bank or broker) and specify your status. If you are not a UK or EC regulated person or institution, you should contact SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD (telephone number 01372 467308) for advice on the application process. If within a reasonable period of time following a request for verification of identity, SLC Registrars has not received

satisfactory evidence, the Company may at its absolute discretion reject your application in which event the application monies will be returned without interest to the account at the drawee bank from which such monies emanate.

12. The receiving agents in relation to the Offer are SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD.

GUIDANCE NOTES TO THE APPLICATION FORM

The following should be read in conjunction with the Application Form.

1. Insert in the first space provided in paragraph 1 (in figures) the number of Ordinary Shares for which you would like to apply at 30p per share. Applications must be for a minimum of 10,000 Ordinary Shares (£3,000) and thereafter in multiples of 3,000 Ordinary Shares (£900).
2. Insert in the space provided in paragraph 2 (in figures) the amount of your cheque or banker's draft. The amount of your cheque or banker's draft should be the Offer Price of 30p per Ordinary Share multiplied by the number of Ordinary Shares inserted in the first space in paragraph 1.
3. Insert your full name and address in BLOCK CAPITALS in the box provided in paragraph 5.
4. Date and sign the Application Form in the space provided in paragraph 6. The Application Form may be signed by someone else on your behalf (and/or on behalf of any joint applicant(s)) if duly authorised to do so, but the power(s) of attorney or a duly certified copy of them must be enclosed for inspection. A corporation should sign under the hand of a duly authorised official whose representative capacity must be stated. Applications may not be made by anyone aged under 18.
5. Attach a single cheque or banker's draft to your completed Application Form. Your cheque or banker's draft must be payable to: **SLC Registrars – Reform Energy plc A/C** for the amount payable on application as inserted in paragraph 2, and should be crossed "A/C Payee".
6. Acknowledgements of acceptance of investors' applications will be dispatched as soon as reasonably practicable.
7. In each case the cheque must be drawn in pounds sterling and bear a UK bank sort code number in the top right hand corner. Applications may be accompanied by a cheque drawn by someone other than the applicant(s), but any monies to be returned will be done so by returning the cheque to the applicant or by sending a cheque crossed "Account Payee" in favour of the person named in paragraph 5. An application will be accepted by the Company (either in whole or in part) immediately upon the board of Directors of the Company (or a committee of it) passing a resolution allotting the Ordinary Shares to the applicant(s). If any application is not accepted the amount paid will be returned by cheque sent by post at the risk of the applicant(s). The Company reserves the right:
 - 7.1. to present all cheques for payment and to retain share certificates and surplus application monies pending clearance of applicants' cheques;
 - 7.2. to reject any application or to accept any application in part only on any basis it sees fit; and
 - 7.3. to accept an application not complying with the requirements specified herein or in the Application Form.
8. All cheques, certificates and other Documents will be dispatched by post at the risk of the person(s) entitled thereto.
9. You may apply jointly with other persons. You must then arrange for the Application Form to be completed by or on behalf of each other joint applicant (up to a maximum of one other person). Their full names should be inserted in BLOCK CAPITALS in the space provided in paragraph 5 and signatures in paragraph 6. If anyone is signing on behalf of any joint applicant(s), the power(s) of attorney or a duly certified copy thereof must be enclosed for inspection.
10. You must send your completed Application Form by post, or deliver it by hand, to:

**SLC REGISTRARS
THAMES HOUSE
PORTSMOUTH ROAD
ESHER, SURREY
KT10 9AD**

so as to be received not later than 5.00 pm on the 27th January 2012 (unless extended by the Directors).

If you post your Application Form, you are recommended to use first-class post and allow at least two days for delivery.

APPLICATION FORM

You must send your completed Application Form by post, or post it or deliver it by hand to SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD. The subscription lists will open at 10.00 am on 7th December 2011 and may be closed any time thereafter or when the Offer is fully subscribed, but in any event not later than 5.00 pm on 27th January 2012 unless previously extended by the Directors, pursuant to the terms of the Placing.

Offer by Reform Energy plc by way of a Private Placing of securities for 1,333,333 Ordinary Shares of £0.01 each in Reform Energy plc at 30p per Ordinary Share. Before making any application you are recommended to consult an independent financial adviser authorised under the Financial Services and Markets Act 2000.

You may only apply for Ordinary Shares in the multiples stated in note 1 of the Guide to the Application Form.

1. I/We offer to acquire shares in respect of which this application may be accepted at 30p per Ordinary Share on the terms and subject to the conditions of the Offer Document dated 7th December 2011 and subject to the Private Placing Memorandum and Articles of Association of the Company.
2. I/We attach a cheque or banker's draft for the amount payable of £ (30p multiplied by the number of Ordinary Shares inserted above) made payable to **SLC Registrars – Reform Energy PLC A/C**
3. I/We request that you send me/us a share certificate for the number of Ordinary Shares in respect of which this application may be accepted together with a cheque for any surplus application money (without interest) by post at my/our risk, to the address given below. I/We understand that the completion and delivery of the Application Form accompanied by a cheque constitutes an undertaking that the cheque will be honoured on first presentation. I/We understand that no application will be accepted unless and until payment in full for the Ordinary Shares has been made.
4. I/We confirm that I am/we are applying on my/our behalf, that I/we have read, accepted and understood the terms and conditions set out in the Offer Document, that I/we have taken appropriate professional advice before submitting this Application Form and that I am/we are aware of the risks involved in investing in the Ordinary Shares subject to the Offer. I/We further confirm that I am/we are investing in the Company on the basis only of the information contained in the Offer Document which supersedes all other information (whether written or oral) concerning the Company and the Ordinary Shares or otherwise prior to the date of the Offer Document and any such other information or representations must not be relied upon in subscribing for Ordinary Shares.
5. Please register any Ordinary Shares allotted to me/us in my/our name(s).

Please complete using BLOCK CAPITALS:	(Name of joint applicants if necessary)
Full Name (no initials):	JOINT HOLDER Full Name (no initials):
Address:	JOINT HOLDER Full Name (no initials):
Postcode:	JOINT HOLDER Full Name (no initials):
Home Telephone:	JOINT HOLDER Full Name (no initials):
Email:	
Mobile:	

6. Signature Requirements:

Signature:	Signature:
Date:	Date:
Signature:	Signature:
Date:	Date:

7. We authorise the Company to contact me/us by telephone in connection with queries arising on my/our behalf.



