

THIS DOCUMENT AND THE ENCLOSED APPLICATION FORM (IF APPLICABLE) ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Circular or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are resident in the United Kingdom or, if not, another appropriately authorised independent financial adviser who specialises in advising on the acquisition of shares and other securities.

If you have sold or otherwise transferred all of your Ordinary Shares before 23 June 2014 (the date when the existing Ordinary Shares were marked ex-entitlement by the London Stock Exchange), please forward this Circular and any accompanying Application Form (for Qualifying Ordinary Shareholders) at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of Ordinary Shares, please retain the documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected as to the action you should take.

The total consideration under the Open Offer shall be less than €5,000,000 (or an equivalent amount) in aggregate. Therefore, in accordance with section 85 and Schedule 11A of FSMA, this Circular is not, and is not required to be, a prospectus for the purposes of the Prospectus Rules published by the Financial Conduct Authority and has not been approved by the Financial Conduct Authority or any other authority or regulatory body. In addition, this Circular does not constitute an admission document drawn up in accordance with the AIM Rules. The existing Ordinary Shares are admitted to trading on AIM. Application will be made for the Open Offer Shares to be admitted to trading on AIM. It is anticipated that Open Offer Admission will become effective and that dealings in the Open Offer Shares will commence at 8:00 a.m. on 18 July 2014.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange nor the UK Listing Authority have examined or approved the contents of this Circular. The AIM Rules are less demanding than those of the Official List of the UK Listing Authority.

The Directors whose names appear on page 6 accept responsibility for the information contained in this Circular. To the best of the knowledge and belief of the Directors (who have taken reasonable care to ensure that such is the case), the information contained in this Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Open Offer is conditional upon, amongst other things, the Placing and Placing and Open Offer Agreement becoming unconditional in all respects and Open Offer Admission occurring on or before 18 July 2014. The Open Offer Shares will rank in full for all dividends and other distributions hereafter declared, made, or paid on the Ordinary Shares and will rank *pari passu* in all other respects with all other Ordinary Shares in issue on Open Offer Admission.

Elektron Technology plc

(incorporated in England and Wales with registered number 00448274)

Firm Placing of 46,800,000 Placing Shares at 5 pence per Placing Share to raise £2.34 million

-and-

**Open Offer of up to 23,200,000 Open Offer Shares at 5 pence per Open Offer Share
on the basis of one Open Offer Share for every six existing Ordinary Shares with an Excess Application
Facility to raise up to £1.16 million**

You should read this Circular in its entirety, together with the Application Form (if applicable). Your attention is drawn to the letter from the Chairman of Elektron Technology plc which is set out in Part I of this Circular.

The latest time and date for acceptance and payment in full under the Open Offer is 11:00 a.m. on 15 July 2014. The procedure for acceptance and payment is set out in Part III of this Circular and, where relevant, in the Application Form.

The distribution of this Circular and/or the accompanying Application Form outside the UK may be restricted by law. Persons outside the UK who come into possession of this Circular should inform themselves about and observe any such restrictions. Failure to comply with such restrictions may constitute a violation of the securities laws of such jurisdictions. This Circular does not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe or buy, the Open Offer Shares to any person in any Restricted Jurisdiction. In particular, this Circular is not for distribution in or into the United States of America, Canada, Australia, the Republic of South Africa, Japan, New Zealand or Russia. Accordingly, the Open Offer Shares may not, subject to certain exceptions, be offered directly or indirectly in or into the United States of America, Canada, Australia, the Republic of South Africa, Japan, New Zealand or Russia. The Open Offer Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of any state of the United States of America, Canada, Australia, the Republic of South Africa, Japan, New Zealand or Russia and they may not be offered or sold directly or indirectly within those Restricted Jurisdictions or to or for the account or benefit of any national, citizen or resident of such jurisdictions. In particular, none of the Open Offer Shares, the Open Offer Entitlements or the Excess Open Offer Entitlements may be, directly or indirectly, offered, sold, taken up, delivered, renounced or transferred in or into the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offering of any of the Open Offer Shares, the Open Offer Entitlements or the Excess Open Offer Entitlements in the United States.

finnCap Ltd, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company as nominated adviser and no one else (including the recipients of this Circular) in connection with the Open Offer described in this Circular and will not be responsible to anyone other than the Company for providing the protections afforded to customers of finnCap Ltd or for advising any other person in connection with the matters described in this Circular. finnCap Ltd makes no representation, express or implied, with respect to the accuracy or completeness of any information contained in this Circular and accepts no responsibility for, nor does it authorise, the contents of, or the issue of this Circular, or any other statement made or purported to be made by the Company, or on its behalf, in connection with the Company or any of the other matters described in this Circular and, accordingly, to the fullest extent permitted by law disclaims all and any liability whatsoever whether arising out of tort, contract or otherwise which it might otherwise have in respect of this Circular or any other statement.

Forward-looking statements

Certain statements contained in this Circular are or may constitute "forward-looking statements". These statements may be identified by words such as "expects", "looks forward to", "anticipates", "targets", "aims", "may", "would", "could", "intends", "plans", "believes", "seeks", "estimates", "will", "project" or words of similar meaning. They include all matters that are not historical facts. Such statements are based on the current expectations and certain assumptions of the Directors, and are, therefore, subject to certain risks and uncertainties. Forward-looking statements are not guarantees of future performance and a number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements. The forward-looking statements in this Circular speak only as of the date of this Circular. Except as required by law, the Company disclaims any obligation to update any such forward-looking statements to reflect future events or developments.

Qualifying Shareholders

Qualifying Ordinary Shareholders will find an Application Form enclosed with this Circular. Qualifying CREST Shareholders (none of whom will receive an Application Form) will receive a credit to their appropriate stock accounts in CREST in respect of the Open Offer Entitlements which will be enabled for settlement on 25 June 2014. Applications under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim arising out of a sale or transfer of Ordinary Shares prior to the date on which the Ordinary Shares were marked "ex" the entitlement by the London Stock Exchange. If the Open Offer Entitlements are for any reason not enabled by 3:00 p.m. on 25 June 2014 or such later time as the Company may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements credited to his stock account in CREST. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this Circular and the Open Offer.

CONTENTS

| | <i>Page</i> |
|---|-------------|
| Expected Timetable of Principal Events | 3 |
| Capital Raising Statistics | 4 |
| Directors, Secretary and Advisers | 5 |
| Part I: Letter from the Chairman | 6 |
| Part II: Questions and Answers about the Open Offer | 14 |
| Part III: Terms and Conditions of the Open Offer | 22 |
| Part IV: Additional Information | 45 |
| Part V: Definitions | 47 |

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The dates and times set out below are based on the Company's current expectations and may be subject to change. References to times in this Circular are to London times, unless otherwise stated.

| | |
|---|----------------------------|
| Record Date for entitlement under the Open Offer | 5:00 p.m. on 20 June 2014 |
| Ex-entitlement date for the Open Offer | 23 June 2014 |
| Announcement of the Capital Raising | 7:00 a.m. on 23 June 2014 |
| Placing Admission and commencement of dealings in the Placing Shares | 24 June 2014 |
| Publication of this Circular and the Application Form | 24 June 2014 |
| Posting of the London Gazette notice | 24 June 2014 |
| Commencement of Open Offer acceptance period | 25 June 2014 |
| Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to CREST accounts of Qualifying CREST Shareholders in CREST | 25 June 2014 |
| Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST | 4:30 p.m. on 9 July 2014 |
| Recommended latest time for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST | 3:00 p.m. on 10 July 2014 |
| Recommended latest time and date for splitting of Application Forms | 3:00 p.m. on 11 July 2014 |
| Latest time and date for receipt of completed applications and payment in full by Qualifying Ordinary Shareholders and settlement of Qualifying CREST Shareholders under the Open Offer | 11:00 a.m. on 15 July 2014 |
| Announcement of the Results of the Open Offer | 16 July 2014 |
| Open Offer Admission and commencement of dealings in the Open Offer Shares | 8:00 a.m. on 18 July 2014 |
| Expected date for crediting of the Open Offer Shares credited to CREST stock accounts in uncertificated form | 18 July 2014 |
| Expected date for despatch of definitive share certificates for Open Offer Shares (where applicable) | on or around 25 July 2014 |

CAPITAL RAISING STATISTICS

| | |
|---|--|
| Number of existing Ordinary Shares in issue as at the Record Date | 119,526,265 |
| Issue Price | 5 pence |
| Number of Placing Shares | 46,800,000 |
| Gross proceeds of the Placing receivable by the Company | 166,326,265 |
| | £2.34 million |
| Basis of Open Offer | 1 Open Offer Share for every 6 existing Ordinary Shares |
| Maximum number of Open Offer Shares | 23,200,000 |
| Enlarged Share Capital following completion of the Open Offer ⁽¹⁾ | 189,526,265 |
| Open Offer Shares as a percentage of the Enlarged Share Capital ⁽¹⁾ | 12.24% |
| Maximum gross proceeds of the Open Offer receivable by the Company ⁽¹⁾ | £1.16 million |
| Estimated net proceeds of the Capital Raising ⁽¹⁾ | £3.25 million |

(1) Assuming full subscription under the Open Offer and no exercise of any options or warrants prior to Open Offer Admission.

DIRECTORS, SECRETARY AND ADVISERS

| | |
|----------------------------------|--|
| Directors | Keith Daley John Wilson Andy Weatherstone Tony Harris Ric Piper C/o Broers Building 21 J J Thomson Avenue Cambridge CB3 0FA United Kingdom |
| Registered Office | Broers Building 21 J J Thomson Avenue Cambridge CB3 0FA United Kingdom |
| Company Secretary | Martin Reeves C/o Broers Building 21 J J Thomson Avenue Cambridge CB3 0FA United Kingdom |
| Nominated Adviser | finnCap Ltd 60 New Broad Street London EC2M 1JJ |
| Solicitors to the Company | Eversheds LLP 1 Wood Street London EC2V 7WS |
| Receiving Agent | Capita Asset Services Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU |
| Registrar | Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU |

PART I

LETTER FROM THE CHAIRMAN OF THE COMPANY

Elektron Technology plc

(incorporated in England and Wales with registered number 00448274)

Directors:

Keith Daley (*Chairman*)
John Wilson (*Chief Executive Officer*)
Andy Weatherstone (*Chief Financial Officer*)
Tony Harris (*Non-Executive Director*)
Ric Piper (*Senior Independent Non-Executive Director*)

Registered Office:

Broers Building
21 J J Thomson Avenue
Cambridge
CB3 0FA
United Kingdom

24 June 2014

Dear Shareholder,

**Firm Placing of 46,800,000 Placing Shares at 5 pence per Placing Share to raise £2.34m
- and -
Open Offer of 23,200,000 Open Offer Shares at 5 pence per Open Offer Share
on the basis of one Open Offer Share for every six existing Ordinary Shares with Excess
Application Facility to raise up to £1.16 million**

1. Introduction and summary

On 23 June 2014, the Company announced that it had conditionally raised £2.34 million (before expenses) by way of a firm Placing of 46,800,000 Placing Shares at 5 pence per Placing Share. The Company also announced that it proposed to raise up to a further £1.16 million (before expenses) by way of an Open Offer of up to 23,200,000 Open Offer Shares at the Issue Price of 5 pence per Open Offer Share to existing shareholders.

Subject to existing Shareholders not having taken up their Open Offer Entitlements in full and to all valid applications under the Excess Application Facility having been honoured, certain of the Company's major shareholders have irrevocably committed to subscribe for in aggregate up to 16,900,000 new Ordinary Shares attributable to lapsed Open Offer Entitlements (see "Details of the Capital Raising", below). Neither the Placing nor the Open Offer have been underwritten by finnCap.

On their admission today, the Placing Shares are fully paid and rank *pari passu* in all respects with the existing Ordinary Shares. The Open Offer Shares will, when issued, be fully paid and will rank *pari passu* in all respects with the existing Ordinary Shares.

The purpose of this Circular is to give you the details of, and the reasons for, the Capital Raising and to explain why the Board considers it to be in the best interests of the Company and its Shareholders as a whole.

2. Current trading and prospects

On 23 June 2014, the Company released its unaudited preliminary results for the year ended 31 January 2014.

The trading year to date has been satisfactory, notwithstanding the impact of destocking by a number of Connectivity customers mentioned in the Group's recent trading update. The Group is benefiting from a reduction in overheads and the elimination of excess costs previously incurred as part of the operational restructuring which the Board expects the Group to continue to benefit from for the remainder of the year.

Overall Connectivity orders have been in line with the Board's expectations whilst Instrumentation, Monitoring and Control ("IMC") orders have shown some weakness but as always there is limited order visibility of around eight weeks in Connectivity and four weeks in IMC. The Group is still dependent on

a relatively high proportion of aging product lines and its New Product Development programme is designed to offset market erosion. In the immediate term the Group is focussed on a strategy of seeking to maintain revenues in challenging markets and identifying further production efficiencies.

3. Background to and reasons for the Capital Raising

On 7 April 2014, the Company announced that the Board was considering a range of strategic alternatives to enhance shareholder value (the “Strategic Alternatives Process”). These alternatives included a fundraising, the possible sale of the Company by means of a formal sale process, the potential sale of non-core assets and a range of alternative financing options.

This Strategic Alternatives Process was initiated as the Company had endured a very challenging period as a result of the relocation of operations from China to Tunisia which led to a disappointing financial performance and a significant increase in net debt levels. The disruption to production output in Tunisia, the cost of restructuring and other exceptional costs led to net debt levels being £8.0 million at the year end (2013: £5.0 million).

As a result the headroom on the Group’s working capital facilities had reduced significantly over that period and as at 31 January 2014 the Group had headroom of £1.1m. Whilst the Group has generated cash in the first quarter of the year it has experienced some reduction in sales in May resulting in a fall in available headroom given the Group’s principal source of working capital is an invoice discounting facility. The Group is currently operating on low levels of headroom.

As a consequence of the fall in headroom and the Group’s performance in the past year, the Group’s principal lender, HSBC, and Elektron have entered into amended bank facilities. These amendments reset future covenant tests. In support of Elektron’s current fundraising strategy, a new test has been introduced that will require the Group to maintain a minimum headroom of at least £1 million with effect from 30 June 2014. Current forecasts indicate that the Group will need to raise new funds in order to comply with this covenant. Failure to meet any of the covenants would technically give HSBC rights to step in and protect its position, at which time the Board will potentially have to consider options which may be destructive of shareholder value.

4. Conclusion of the Strategic Alternatives Process

As part of the Strategic Alternatives Process, the Board received various approaches from third parties interested in making an offer or providing additional capital funding for the Company.

The most attractive approach was an indicative offer which valued the Company’s equity on an indicative basis at 10 pence per Ordinary Share. This indicative offer was received on 8 May 2014 and was subject to a period of further due diligence and there was no certainty that a firm offer would actually be made nor as to its terms. This approach included a precondition that certain specified shareholders holding in aggregate over 55 per cent. of the Company’s issued share capital provided hard irrevocable undertakings to accept an offer made by the potential offeror at the level of 10p a share. John Kinder and Keith Daley, being two of the Company’s major shareholders, holding in aggregate approximately 25.95 per cent. (and approximately 29.9 per cent. taking into account Keith Daley’s Joint Share Ownership Plan interest in shares held under the Elektron Technology 2012 Employee Benefit Trust) of the Company’s issued share capital, confirmed in writing to the Company that they were not prepared to accept an offer at 10 pence per Ordinary Share nor to give hard irrevocable undertakings to accept such an offer.

On 16 June 2014, the Company received a revision to the approach outlined above. This revised approach excluded any precondition in relation to the provision by John Kinder and Keith Daley of irrevocable undertakings to accept an offer at the level of 10 pence per Ordinary Share, but still required certain shareholders holding in aggregate more than 32 per cent. of the Company’s share capital to provide hard irrevocable undertakings to accept an offer at this price. In addition, as part of the pre-conditions of this revised approach the potential offeror would have needed to reach agreement with Messrs Kinder and Daley in respect of their own shareholdings.

As part of the Strategic Alternatives Process, other potential proposals considered by the Board have included an equity fundraising to be supported by shareholders and/or third parties. The Board received expressions of interest in participating in a fundraising from several major shareholders including Keith Daley and John Kinder. In view of this, and the fact that Keith Daley and John Kinder, together with John Wilson, are part of a Concert Party, it was inappropriate for Keith Daley (Executive Chairman) and John Wilson (Chief Executive Officer) to participate in the decision-making process as to which course of action should be pursued. An Independent Committee of Directors was, therefore, formed comprising Tony Harris and Ric Piper, both of whom are independent non-executive Directors, and Andy Weatherstone, the Chief Financial Officer (the "Independent Committee").

The Independent Committee, mindful of the Group's financial position and the requirements of its banking arrangements and on the basis there could be no certainty that the conditions of the revised indicative approach referred to above could have been satisfied in the required timescale, if at all, has determined that an equity fundraising is the appropriate solution at this time.

Accordingly, all indicative offers for the Company have now been rejected. The Board has decided to terminate the Strategic Alternatives Process, which includes a formal sale process for the purposes of the City Code, with immediate effect. The Board has received confirmation from the participants involved in the formal sale process that they are no longer considering an offer for the Company. Therefore, the Company is no longer in an offer period under the City Code.

5. Details of the Capital Raising

The Board has given consideration as to the best way to structure the proposed Capital Raising, having regard to, *inter alia*, the Group's near-term funding requirements, its banking arrangements, current market conditions, the level of the Company's share price and the importance of pre-emption rights to Shareholders. After considering these factors, the Board has concluded that the structure of the Capital Raising to comprise (i) the Placing (to be effected by way of a cashbox placing) and (ii) the Open Offer, is the most suitable option available to the Company and its Shareholders as a whole.

The Placing provides the Group with greater certainty that a significant proportion of the proceeds of the proposed Capital Raising, which will be sufficient to meet HSBC's minimum headroom requirement (as described in section 3 of this letter, above), will become available to the Group prior to 30 June 2014.

The Open Offer provides an opportunity for all Qualifying Shareholders to participate in the fundraising by acquiring Open Offer Shares at the Issue Price *pro rata* to their current holdings of Existing Ordinary Shares with the option for subscribing for more pursuant to the Excess Application Facility. Once subscriptions by Qualifying Shareholders under their respective Open Offer Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part, or at all.

Each of Ric Piper and Tony Harris has confirmed that he intends to apply for his full entitlement of New Ordinary Shares in the Open Offer and may apply to subscribe for excess Open Offer Shares under the Excess Application Facility. Each of John Wilson and Andy Weatherstone has confirmed that he does not intend to apply for any New Ordinary Shares in the Capital Raising.

Subject to existing Shareholders not having taken up their Open Offer Entitlements in full and to all valid applications under the Excess Application Facility having been honoured, D&A Income Limited has irrevocably committed to subscribe for up to 10,000,000 new Ordinary Shares attributable to lapsed Open Offer Entitlements. To the extent that sufficient Ordinary Shares attributable to lapsed Open Offer Entitlements remain available for subscription after D&A Income Limited has subscribed for Ordinary Shares in accordance with its commitment, John Kinder has irrevocably committed to subscribe for up to 5,000,000 new Ordinary Shares attributable to lapsed Open Offer Entitlements and Keith Daley has irrevocably committed to subscribe for up to 1,900,000 new Ordinary Shares attributable to lapsed Open Offer Entitlements. In the event that there is significant undersubscription in the Open Offer, both

John Kinder's and Keith Daley's commitment may need to be scaled back such that the concert party, of which both John Kinder and Keith Daley are members, will hold less than 30.0 per cent. of the Company's total voting rights after the Open Offer.

The Elektron Technology 2012 Employee Benefit Trust has confirmed that it does not intend to take up any of its entitlements under the Open Offer.

Principal terms of the Placing

The Company has raised gross proceeds of £2.34 million pursuant to the Placing through the issue of 46,800,000 Placing Shares by way of a cashbox placing.

The Company placed 46,800,000 Placing Shares firm at the Issue Price with investors (including existing Shareholders) pursuant to the Placing. The Placing was conditional upon Placing Admission occurring and on the Placing and Open Offer Agreement not being terminated prior to Placing Admission.

D&A Income Limited, an existing shareholder, subscribed in the Placing for 30,000,000 Placing Shares with a value of £1.5 million at the Issue Price.

Under the Placing and Open Offer Agreement, the Company appointed finnCap as its agent in connection with the Capital Raising to use its reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price. Further terms of the Placing and Open Offer Agreement are set out in Part IV of this circular.

The Placing was made outside the United States in "offshore transactions" within the meaning of and pursuant to Regulation S under the Securities Act.

Principal terms of the Open Offer

Pursuant to the Placing and Open Offer Agreement, the Open Offer is for up to 23,200,000 Open Offer Shares at the Issue Price to raise up to £1.16 million (before expenses). Only Qualifying Shareholders on the Company's register of members as at the Record Date may participate in the Open Offer.

Subject to the fulfilment of the terms and conditions referred to in this Circular and, where relevant, set out in the Application Form, Qualifying Shareholders are being given the opportunity to apply for Open Offer Shares at a price of 5 pence per share, payable in full and in cash on application, on the basis of:

1 Open Offer Share for every 6 existing Ordinary Shares

registered in the name of each Qualifying Shareholder at the Record Date and so on in proportion for any other number of Ordinary Shares then held. Each of Keith Daley and John Kinder (each of whom will be subscribing for Placing Shares pursuant to the Placing) and John Wilson has undertaken not to subscribe for his respective Open Offer Entitlements, thereby enabling other Qualifying Shareholders greater opportunity to participate in the Open Offer, should they wish to do so, by means of the Excess Application Facility described below.

Qualifying Shareholders may apply for more or fewer Open Offer Shares than they are entitled to under the Open Offer and applications in excess of their Open Offer Entitlements will be dealt with under the Excess Application Facility. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility.

To the extent that additional Open Offer Shares are not subscribed by existing Shareholders, Open Offer Entitlements will lapse and any Open Offer Shares to which such Open Offer Entitlements relate may be sold or placed in the market for the benefit of the Company. In this regard, subject to existing Shareholders not having taken up their Open Offer Entitlements in full and to all valid applications under the Excess Application Facility having been honoured, D&A Income Limited has irrevocably committed to subscribe up to 10,000,000 new Ordinary Shares attributable to lapsed Open Offer Entitlements. To the extent that sufficient Ordinary Shares attributable to lapsed Open Offer Entitlements remain available for subscription after D&A Income Limited has subscribed for Ordinary Shares in accordance with its commitment, John Kinder has irrevocably committed to subscribe for up to 5,000,000 new Ordinary Shares attributable to lapsed Open Offer Entitlements and Keith Daley has irrevocably committed to subscribe for up to 1,900,000 new Ordinary Shares attributable to lapsed Open Offer Entitlements. In the event that there is

significant undersubscription in the Open Offer, both John Kinder's and Keith Daley's commitment may need to be scaled back such that the concert party, of which both John Kinder and Keith Daley are members, will hold less than 30.0 per cent. of the Company's total voting rights after the Open Offer.

Further details of the Open Offer and the Excess Application Facility are given in Part III of this Circular.

If you have received an Application Form with this Circular, please refer to paragraphs 4.2, 4.5(a) and 5 to 11 of Part III of this Circular. If you hold your Ordinary Shares in CREST and have received a credit of Open Offer Entitlements and Excess Open Offer Entitlements to your CREST stock account, please refer to paragraphs 4.3, 4.5(b) and 5 to 11 of Part III of this Circular and also to the CREST Manual for further information on the CREST procedures referred to below.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, is set out in Part III of this Circular and in the Application Form, which you should read in full. Qualifying Shareholders who subscribe for Open Offer Shares represent, warrant, covenant, agree and acknowledge that they have reviewed the representations, warranties, covenants, agreements and acknowledgements set out in paragraph 11 of Part III of this Circular and, in applying for Open Offer Shares, are deemed to have given such representations, warranties, covenants, agreements and acknowledgements.

For Qualifying Shareholders, completed Application Forms, accompanied by full payment, should be returned by post or by hand (during normal business hours only) to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive as soon as possible and in any event so as to be received no later than 11:00 a.m. on 15 July 2014. For Qualifying CREST Shareholders, the relevant CREST instructions must have settled as explained in this Circular by no later than 11:00 a.m. on 15 July 2014.

The Open Offer is conditional, amongst other things, upon Open Offer Admission becoming effective by not later than 8:00 a.m. on 18 July 2014 (or such later time and/or date as the Company may agree, being not later than 8:00 a.m. on 31 July 2014). Accordingly, if such conditions are not satisfied, or, if applicable, waived, the Open Offer will not proceed and any Open Offer Entitlements admitted to CREST will thereafter be disabled.

Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to trading on AIM. The Open Offer Shares are expected to be admitted to AIM and commence trading at 8:00 a.m. on 18 July 2014.

6. Directors' and Major Shareholders' Shareholdings

As at 20 June 2014 (being the latest practicable date prior to the date of this Circular), the following Directors were or will immediately following completion of the Capital Raising be interested, directly or indirectly, in the Company's issued share capital:

| Director | <i>Before Capital Raising</i> | | <i>Interest in the Enlarged Share Capital</i> | | |
|---------------------------------|---------------------------------|--------------------------------|---|-----------------------------------|------------------------|
| | <i>Existing Ordinary Shares</i> | <i>After Placing Admission</i> | <i>%</i> | <i>After Open Offer Admission</i> | <i>%⁽¹⁾</i> |
| Keith Daley ^{(2), (4)} | 16,812,016 | 20,612,016 | 12.39 | 22,512,016 | 11.88 |
| John Wilson ^{(3), (4)} | 3,957,661 | 3,957,661 | 2.38 | 3,957,661 | 2.09 |
| Andy Weatherstone | 0 | 0 | 0.00 | 0 | 0.00 |
| Tony Harris ⁽⁵⁾ | 10,000 | 10,000 | 0.01 | 11,666 | 0.01 |
| Ric Piper ⁽⁵⁾ | 326,000 | 326,000 | 0.20 | 380,333 | 0.20 |

- (1) Assumes that 100 per cent. of the Ordinary Shares theoretically available under the Open Offer are subscribed for in the Capital Raising.
- (2) Keith Daley has undertaken not to subscribe for his Open Offer Entitlements as described above; assumes that Keith Daley will subscribe for 1,900,000 new Ordinary Shares attributable to lapsed Open Offer Entitlements as described above.
- (3) John Wilson has undertaken not to subscribe for his Open Offer Entitlements as described above.
- (4) Includes Ordinary Shares subject to awards under the Company's Joint Share Option Plan that are not yet vested.
- (5) Assumes that each of Tony Harris and Ric Piper takes up his Open Offer Entitlements in full, as each has confirmed he intends to do, but no assumption is made as to any possible subscription under the Excess Application Facility.

As at 20 June 2014 (being the latest practicable date prior to the date of this Circular) and as expected to be held immediately following Placing Admission and Open Offer Admission, the Company is aware of the following existing Shareholders who by virtue of the notifications made to it pursuant to the Companies Act and/or the Disclosure and Transparency Rules, were or will immediately following completion of the Capital Raising be interested, directly or indirectly, in 3 per cent. or more of the Company's issued share capital:

| <i>Shareholder</i> | <i>Percentage of existing issued share capital before Capital Raising</i> | <i>Percentage of Enlarged Share Capital after Placing Admission</i> | <i>Percentage of Enlarged Share Capital after Open Offer Admission⁽¹⁾</i> |
|---|---|---|--|
| John Kinder | 15.84% | 14.99% | 15.79% ⁽²⁾ |
| Elektron Technology 2012 Employee Benefit Trust | | | |
| Keith Daley ⁽⁴⁾ | 12.61% | 9.06% | 7.95% |
| Nick & Rachelle Slater | 10.12% | 9.55% | 9.39% |
| Panther Securities plc | 6.93% | 4.98% | 4.37% |
| D&A Income Limited | 5.36% | 5.65% | 4.96% |
| Rototherm Group | 4.10% | 20.98% | 23.69% ⁽³⁾ |
| Cavendish Asset Management Ltd | 3.29% | 2.36% | 2.07% |
| | 3.00% | 2.16% | 1.89% |

- (1) Assumes that each of D&A Income Limited, Keith Daley and John Kinder subscribes in full for new Ordinary Shares arising from lapsed Open Offer Entitlements in accordance with their respective commitments (see (2), (3) and (4) below, but that no other shareholders who are currently interested, directly or indirectly, in 3 per cent. or more of the Company's issued share capital, take up their Open Offer Entitlements.
- (2) John Kinder has undertaken not to subscribe for his Open Offer Entitlements as described above; assumes that John Kinder will subscribe for 5,000,000 new Ordinary Shares attributable to lapsed Open Offer Entitlements as described above.
- (3) Assumes that D&A Income Limited will subscribe for 10,000,000 new Ordinary Shares attributable to lapsed Open Offer Entitlements as described above. D&A Income Limited is an investment company, owned by a trust of which Mr Graham Edwards is a principal beneficiary.
- (4) Excluding Ordinary Shares subject to awards under the Company's Joint Share Option Plan that are not yet vested; assumes that Keith Daley will subscribe for 1,900,000 new Ordinary Shares attributable to lapsed Open Offer Entitlements as described above.

The Elektron Technology 2012 Employee Benefit Trust has confirmed that it does not intend to take up any of its entitlements under the Open Offer.

7. Related Party Transactions – Independent Directors' Views

The Placing is classified as a related party transaction under the AIM Rules, as Keith Daley, who participated in the Placing, subscribing for 3,800,000 ordinary shares (£190,000), and has committed to subscribe for up to 1,900,000 new Ordinary Shares arising from lapsed Open Offer Entitlements (£95,000), is a director of the Company and a substantial shareholder (as defined by the AIM Rules) in the Company and as John Kinder, who also participated in the Placing, subscribing for 6,000,000 ordinary shares (£300,000), and who has committed to subscribe for up to 5,000,000 new Ordinary Shares arising from lapsed Open Offer Entitlements (£250,000), is a substantial shareholder in the Company.

The Independent Directors (being Tony Harris, Ric Piper and Andy Weatherstone) consider, having consulted with finnCap, the Company's nominated adviser, that the terms of the transaction are fair and reasonable insofar as Shareholders are concerned.

8. Use of proceeds

It is anticipated that the funds raised pursuant to the Capital Raising will be used by the Company to reduce its borrowings with the bank, to fund working capital requirements and to invest in new product development and marketing.

9. Action to be taken

Qualifying Ordinary Shareholder

If you are a Qualifying Ordinary Shareholder, you will have received an Application Form which gives details of your entitlement under the Open Offer (as shown by the number of Open Offer Entitlements allocated to you). If you wish to apply for the total number of Open Offer Shares you are entitled to under the Open Offer (as shown by the number of Open Offer Entitlements allocated to you) or more or less Open Offer Shares than you are entitled to under the Open Offer, you should complete the enclosed Application Form in accordance with the procedure for application set out in paragraphs 4.2 and 4.5(a) of Part III of this Circular and on the Application Form itself.

Qualifying CREST Shareholder

If you are a Qualifying CREST Shareholder, no Application Form is enclosed and you will receive a credit to your appropriate stock account in CREST in respect of the Open Offer Entitlements representing your entitlement under the Open Offer. You should refer to the procedure for application set out in paragraphs 4.2 and 4.5(b) of Part III of this Circular.

The latest time for applications under the Open Offer to be received is 11.00 a.m. on 15 July 2014. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement. The procedures for application and payment are set out in Part III of this Circular. Further details also appear in the Application Form which has been sent to Qualifying Ordinary Shareholders.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this Circular and the Open Offer.

Overseas Shareholders

The attention of Overseas Shareholders, or who are holding existing Ordinary Shares for the benefit of such person, (including, without limitation, custodians, nominees, trustees and agent) or who have a contractual or other legal obligation to forward this Circular or the Application Form to such persons, is drawn to the information which appears in paragraph 6 of Part III of this Circular.

In particular, Overseas Shareholders who have registered addresses in, or are residents in or citizens of a Restricted Jurisdiction, should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlements under the Open Offer.

The Open Offer will be made to Overseas Shareholders (other than where they have registered addresses in, or are residents in or citizens of a Restricted Jurisdiction) by means of the despatch of this Circular and an Application Form to them or by the despatch of this Circular and the crediting of their relevant stock accounts with Open Offer Entitlements and Excess Open Offer Entitlements, as the case may be. The Open Offer will only be made to Overseas Shareholders who have registered addresses in, or are residents in or citizens of a Restricted Jurisdiction by means of the notice in the London Gazette referred to in paragraph 6(g) of Part III. All Qualifying Shareholders should however be aware that the making or acceptance of the Open Offer in certain jurisdictions, including without limitation the United States and the other Restricted Jurisdictions, may be restricted by the laws or regulatory requirements of those jurisdictions. Although the Open Offer will be made to certain Overseas Shareholders by means of the notice referred to above, subject to certain exceptions, the despatch of this Circular and any accompanying Application Form do not constitute an offer of the Open Offer Shares to any such Overseas Shareholders. The Open Offer Shares have not been and will not be registered under the Securities Act or under any relevant laws of any other Restricted Jurisdiction and, subject to certain exceptions, the Open Offer Shares and the Application Form may not be offered, sold, resold, taken up, transferred, delivered or distributed, directly or indirectly, within the United States or any other Restricted Jurisdiction except pursuant to an applicable exemption from registration requirements, or in a transaction not subject thereto, and in compliance with applicable laws.

Except as otherwise agreed with the Company in writing, each person who subscribes for or purchases Open Offer Shares will be deemed to have represented, agreed and acknowledged that it is located outside the United States (except as expressly permitted by Regulation S under the Securities Act in connection with an offshore transaction) and is acquiring the Open Offer Shares in an offshore transaction in accordance with Rule 903 or Rule 904 under the Securities Act.

Yours faithfully,

Keith Daley
Chairman
Elektron Technology plc

PART II

QUESTIONS AND ANSWERS ABOUT THE OPEN OFFER

The questions and answers set out in this Part II are intended to be in general terms only and, as such, you should read Part III for full details of what action you should take. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank, fund manager, solicitor, accountant or other appropriate independent financial adviser, who is authorised under the FSMA if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

This Part II deals with general questions relating to the Open Offer and more specific questions relating principally to the existing Ordinary Shares held by persons resident in the United Kingdom who hold their existing Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 6 of Part III of this Circular and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your Open Offer Entitlements or apply for Excess Shares pursuant to the Excess Application Facility. If you hold your existing Ordinary Shares in uncertificated form (that is, through CREST) you should read Part III of this Circular for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor.

The contents of this Circular should not be construed as legal, business, accounting, tax, investment or other professional advice. Each prospective investor should consult his, her or its own appropriate professional advisers for advice. This Circular is for your information only and nothing in this Circular is intended to endorse or recommend a particular course of action.

1. What is an open offer?

An open offer is a way for companies to raise money. Companies may do this by giving their existing shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings (the open offer).

This Open Offer is an invitation by the Company to Qualifying Shareholders to apply to acquire an aggregate of up to 23,200,000 Open Offer Shares at a price of 5 pence per Open Offer Share. If you hold existing Ordinary Shares on the Record Date or have a *bona fide* market claim, other than, subject to certain exceptions, where you are a Shareholder with a registered address or located in the United States or another Restricted Jurisdiction, you will be entitled to apply for Open Offer Shares under the Open Offer.

The Open Offer is being made on the basis of one Open Offer Share for every six existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If your entitlement to Open Offer Shares is not a whole number, you will not be entitled to apply for an Open Offer Share in respect of any fraction of an existing Ordinary Share and your entitlement will be rounded down to the nearest whole number. The resulting fractions of Open Offer Shares will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility.

Open Offer Shares are being offered to Qualifying Shareholders in the Open Offer at the Issue Price.

Applications by Qualifying Shareholders will be satisfied in full up to the amount of their individual Open Offer Entitlement. Qualifying Shareholders are also being given the opportunity, provided that they take up their Open Offer Entitlement in full, to apply for additional Open Offer Shares through the Excess Application Facility.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part, or at all.

The number of available Open Offer Shares under the Excess Application Facility is dependent on the level of take-up of Open Offer Entitlements. Assuming that there is no Overseas Shareholder who has a registered address in, or is a resident in or a citizen of a Restricted Jurisdiction, and if every Qualifying Shareholder takes up their Open Offer Entitlements in full, there will be no Open Offer Shares available under the Excess Application Facility.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Ordinary Shareholders should also note that their Application Forms are not negotiable documents and cannot be traded. In the event that any Open Offer Shares not applied for are sold or placed in the market, this will be for the benefit of the Company, which reserves the right to sell or place any Open Offer Shares that relate to Open Offer Entitlements that are not applied for by Qualifying Shareholders under the Open Offer.

Subject to existing Shareholders not having taken up their Open Offer Entitlements in full and to all valid applications under the Excess Application Facility having been honoured, D&A Income Limited has irrevocably committed to subscribe for up to 10,000,000 new Ordinary Shares attributable to lapsed Open Offer Entitlements. To the extent that sufficient Ordinary Shares attributable to lapsed Open Offer Entitlements remain available for subscription after D&A Income Limited has subscribed for Ordinary Shares in accordance with its commitment, John Kinder has irrevocably committed to subscribe for up to 5,000,000 new Ordinary Shares attributable to lapsed Open Offer Entitlements and Keith Daley has irrevocably committed to subscribe for up to 1,900,000 new Ordinary Shares attributable to lapsed Open Offer Entitlements. In the event that there is significant undersubscription in the Open Offer, both John Kinder's and Keith Daley's commitment may need to be scaled back such that the concert party, of which both John Kinder and Keith Daley are members, will hold less than 30.0 per cent. of the Company's total voting rights after the Open Offer.

Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities (for the purposes of market claims only), and the Open Offer Entitlements will not be tradable or listed, and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

2. I hold my existing Ordinary Shares in certificated form. How do I know whether I am able to acquire Open Offer Shares under the Open Offer?

If you receive an Application Form and, subject to certain exceptions, are not a holder with a registered address in or located in the United States or another Restricted Jurisdiction, then you should be eligible to acquire Open Offer Shares under the Open Offer, as long as you had not sold all of your existing Ordinary Shares on 23 June 2014 (the time when the existing Ordinary Shares are expected to be marked "ex-entitlement" by the London Stock Exchange).

3. I hold my existing Ordinary Shares in certificated form. How do I know how many Open Offer Shares I am entitled to take up?

If you hold your existing Ordinary Shares in certificated form and, subject to certain exceptions, do not have a registered address and are not located in the United States or another Restricted Jurisdiction, you have been sent an Application Form that shows:

- how many existing Ordinary Shares you held at close of business on 20 June 2014 (the Record Date for the Open Offer);
- how many Open Offer Shares are comprised in your Open Offer Entitlement; and
- how much you need to pay if you want to take up your right to buy all your entitlement to the Open Offer Shares.

Subject to certain exceptions, if you have a registered address in the United States or one of the Restricted Jurisdictions, you will not receive an Application Form.

If you would like to apply for any of, all of or more than the Open Offer Shares comprised in your Open Offer Entitlement you should complete the Application Form in accordance with the instructions printed on it and the information provided in this Circular. Please return the completed form in the reply-paid envelope provided with the Application Form along with a cheque or banker's draft for the number of Open Offer Shares you want to apply for and allow at least four Business Days for delivery if sent by first class post from within the United Kingdom. Please also see questions 5 and 11 for further help in completing the Application Form.

4. I am a Qualifying Shareholder with a registered address in the UK and I hold my existing Ordinary Shares in certificated form. What are my choices in relation to the Open Offer and what should I do with the Application Form?

4.1 *If you want to take up all of your Open Offer Entitlement*

If you want to take up all of the Open Offer Shares to which you are entitled, all you need to do is sign and send the Application Form, together with your cheque or duly endorsed banker's draft for the amount (as indicated in Box 5 of your Application Form), payable to "*Capita Registrars Limited re Elektron Technology plc – Open Offer A/C*" and crossed "A/C payee only", in the reply-paid envelope provided, by post or by hand (during normal business hours only) to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom to arrive by no later than 11:00 a.m. on 15 July 2014. Within the United Kingdom only, you can use the accompanying reply-paid envelope. You should allow at least four Business Days for delivery if using first-class post within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope. Full instructions are set out in the Application Form. A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you on or around 25 July 2014.

4.2 *If you want to take up some but not all of your Open Offer Entitlement*

If you want to take up some but not all of the Open Offer Shares to which you are entitled, you should write the number of Open Offer Shares you want to take up in Box 6 of your Application Form. For example, if you are entitled to take up 1,000 shares but you only want to take up 500 shares, then you should write '500' in Box 6.

To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, 500) by £0.05, which is the price in pounds of each Open Offer Share (giving you an amount of £25.00 in this example). You should write this amount in Box 9 and this should be the amount your cheque or banker's draft is made out for. You should then sign and return your Application Form together with your cheque or banker's draft for that amount, payable to "*Capita Registrars Limited re Elektron Technology plc – Open Offer A/C*" and crossed "A/C payee only", in the reply-paid envelope provided, by post to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom (during normal business hours only if by hand), to arrive by no later than 11:00 a.m. on 15 July 2014, after which time the Application Form will not be valid. Within the United Kingdom only, you can use the accompanying reply-paid envelope. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope. Full instructions are set out in Part III of this Circular and are also set out in the Application Form.

A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you on or around 25 July 2014.

4.3 *If you want to apply for more than your Open Offer Entitlement*

Provided that you have agreed to take up your Open Offer Entitlement in full, you can apply for further Open Offer Shares using the Excess Application Facility. You should write the number of Open Offer Shares you wish to take up in Box 6 which must be the number of Open Offer Shares

shown in Box 4. You should then write the number of Open Offer Shares you wish to apply for under the Excess Application Facility in Box 7 and then complete Box 8 by adding together the numbers you have entered in Boxes 6 and 7.

To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares shown in Box 8 by £0.05, which is the price in pounds of each Open Offer Share. You should write this amount in Box 9. You should then return your Application Form together with your cheque or banker's draft for that amount, payable to "*Capita Registrars Limited re Elektron Technology plc – Open Offer A/C*" and crossed "A/C payee only", in the reply-paid envelope provided, by post to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom (during normal business hours only if by hand), to arrive by no later than 11:00 a.m. on 15 July 2014, after which time the Application Form will not be valid. Within the United Kingdom only, you can use the accompanying reply-paid envelope. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope. Full instructions are set out in the Application Form.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part, or at all. Therefore, applications under the Excess Application Facility may not be satisfied in full. In this event Qualifying Shareholders will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for by, but not allocated to, the relevant Qualifying Shareholder, multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the applicant's sole risk.

A definitive share certificate will be sent to you for the Open Offer Shares that you take up and otherwise successfully apply for using the Excess Application Facility. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by on or around 25 July 2014.

4.4 *If you do not want to take up your Open Offer Entitlement*

If you do not want to take up the Open Offer Shares to which you are entitled, you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. If you do not take up your Open Offer Entitlement then, following the issue of Open Offer Shares pursuant to the Open Offer, your interest in the Company will be diluted.

5. I hold my existing Ordinary Shares in uncertificated form in CREST. What do I need to do in relation to the Open Offer?

CREST members should follow the instructions set out in Part III of this Circular. Persons who hold existing Ordinary Shares through a CREST member should be informed by such CREST member of the number of Open Offer Shares they are entitled to take up or apply for under their Open Offer Entitlement and their Excess CREST Open Offer Entitlement, respectively, and should contact their CREST member should they not receive this information.

6. I acquired my existing Ordinary Shares prior to the Record Date and hold my existing Ordinary Shares in certificated form. What if I do not receive an Application Form or I have lost my Application Form?

If you do not receive an Application Form but hold your existing Ordinary Shares in certificated form, this probably means that you are not able to acquire Open Offer Shares under the Open Offer. Some Qualifying Ordinary Shareholders, however, will not receive an Application Form but may still be eligible to acquire Open Offer Shares under the Open Offer, namely:

- Qualifying CREST Shareholders who held their existing Ordinary Shares in uncertificated form on 20 June 2014 and who have converted them to certificated form;

- Shareholders who bought existing Ordinary Shares before 23 June 2014 (being the ex-entitlement date) and who hold such ordinary shares in certificated form but were not registered as the holders of those shares at the close of business on the Record Date; and
- certain Overseas Shareholders.

If this applies to you please contact the Receiving Agent using the details set out in the answer to question 21 below.

7. If I buy existing Ordinary Shares after the Record Date will I be eligible to participate in the Open Offer?

If you bought existing Ordinary Shares after the ex-entitlement date you are unlikely to be able to participate in the Open Offer, as the existing Ordinary Shares started trading ex-entitlement on the London Stock Exchange at 7:00 a.m. on 23 June 2014.

If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement. If you buy existing Ordinary Shares at or after 7:00 a.m. on 23 June 2014, you will not be eligible to participate in the Open Offer in respect of those existing Ordinary Shares.

8. What if I change my mind?

Once you have sent your Application Form and payment to the Receiving Agent, you cannot withdraw your application or change the number of Open Offer Shares you have applied for.

9. What if the number of Open Offer Shares to which I am entitled is not a whole number? Am I entitled to fractions of Open Offer Shares?

Your entitlement to Open Offer Shares will be calculated at the Record Date. If the result is not a whole number, you will not receive an Open Offer Share in respect of the fraction of each existing Ordinary Share and your entitlement will be rounded down to the nearest whole number.

If you hold fewer than six Ordinary Shares on the Record Date, Box 4 of Application Form will indicate that the number of Open Offer Shares comprising your Open Offer Entitlement is zero. In such circumstances, you will still be entitled to apply for further Open Offer Shares using the Excess Application Facility (please see 4.3, above).

10. I hold my existing Ordinary Shares in certificated form. What should I do if I want to spend more or less than the amount set out in Box 5 of the Application Form?

If you want to spend more than the amount set out in Box 5, you should divide the amount you want to spend by £0.05 (being the price in pounds of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares for which you should apply. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £50 you should divide £50 by £0.05, which comes to 1,000, to give you the number of Open Offer Shares for which, in this example, you can apply without exceeding your chosen amount. Write the total number of Open Offer Shares (in this example, 1,000) in Box 8. To get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for (1,000) by £0.05 and then fill in that amount (in this example being £50), in Box 9 and on your cheque or banker's draft accordingly.

You should note that the number of available Open Offer Shares under the Excess Application Facility is dependent on the level of take-up of Open Offer Entitlements. If applications are received for more than the available number of Open Offer Shares, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part, or at all. Assuming that there are no Overseas Shareholders who have registered addresses in, or are residents in or citizens of a Restricted Jurisdiction, and if every Qualifying Shareholder takes up their Open Offer Entitlements in full there will be no Open Offer Shares available under the Excess Application Facility.

Therefore, applications under the Excess Application Facility may not be satisfied in full. In this event Qualifying Shareholders will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for by, but not allocated to, the relevant Qualifying Shareholder, multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the applicant's sole risk. To the extent that Open Offer Entitlements are not subscribed, the Company reserves the right to sell or place any Open Offer Shares that relate to such Open Offer Entitlements.

If you want to spend less than the amount set out in Box 5, you should divide the amount you want to spend by £0.05 (being the price, in pounds, of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares you should apply for. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £50 you should divide £50 by £0.05. Write that number (in this example, 1,000) in Box 8. Then to get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for (in this example, 1,000) by £0.05 and then fill in that amount (in this example, being £50) in Box 9 and on your cheque or banker's draft accordingly.

11. I hold my existing Ordinary Shares in certificated form. What should I do if I have sold some or all of my existing Ordinary Shares?

If you hold shares in the Company directly and you sold some or all of your existing Ordinary Shares before the ex-entitlement date, you should contact the buyer or the person/company through whom you sold your shares as you may be able to apply for Open Offer Shares. The buyer may not be entitled to apply for Open Offer Shares under the Open Offer.

12. I hold my existing Ordinary Shares in certificated form. How do I pay?

You should return your Application Form with a cheque or banker's draft drawn in pounds sterling on a UK bank or building society account in the accompanying reply-paid envelope (from within the United Kingdom). You should allow at least four Business Days for delivery if using first-class post within the United Kingdom. Cheques should be drawn on a personal account of the Qualifying Shareholder who is applying for the Open Offer Shares or you may be required to supply additional documentation to satisfy Money Laundering Regulations. The funds should be made payable to "*Capita Registrars Limited re Elektron Technology plc – Open Offer A/C*". In each case, the cheque should be crossed "A/C Payee only". Third party cheques will not be accepted, except bankers' drafts or building society cheques which have been endorsed by the bank or building society on the back of the draft or cheque, as appropriate. Payments via CHAPS, BACS or electronic transfer will not be accepted.

13. Will the existing Ordinary Shares that I hold now be affected by the Open Offer?

If you decide not to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, or only apply for some of your entitlement, your proportionate ownership and voting interest in the Company will be reduced to a greater extent than if you apply.

14. I hold my existing Ordinary Shares in certificated form. Where do I send my Application Form?

You should send your completed Application Form and payment in full in the accompanying reply-paid envelope (from within the United Kingdom) by post or by hand (during normal business hours only) to: Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom. You should allow at least four Business Days for delivery if using first class post within the United Kingdom.

If you do not want to take up or apply for Open Offer Shares then you need take no further action.

15. I hold my existing Ordinary Shares in certificated form. When do I have to decide whether I want to apply for Open Offer Shares?

The Receiving Agent must receive your completed Application Form and cheque or banker's draft by 11:00 a.m. on 15 July 2014. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope included with the Application Form, within the United Kingdom.

16. I hold my existing Ordinary Shares in certificated form. If I take up my entitlements, when will I receive the certificate representing my Open Offer Shares?

It is expected that the Registrar will post all new share certificates on or around 25 July 2014.

17. What should I do if I think my holding of existing Ordinary Shares (as shown in Box 3 on page 1 of the Application Form) is incorrect?

If you bought or sold existing Ordinary Shares shortly before the Record Date, your transaction may not have been entered on the register of members before the Record Date for the Open Offer. If you bought existing Ordinary Shares before close of business on 20 June 2014 but were not registered as the holder of those shares on the Record Date for the Open Offer, you may still be eligible to participate in the Open Offer. If you are in any doubt, please contact your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure that you claim your entitlement.

You will not be entitled to Open Offer Entitlements in respect of any existing Ordinary Shares acquired on or after 23 June 2014.

18. What should I do if I live outside the United Kingdom?

Your ability to apply to acquire Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement.

Shareholders with registered addresses or who are located in the United States or another Restricted Jurisdiction are not eligible to participate in the Open Offer. Your attention is drawn to the information in paragraph 6 of Part III of this Circular.

19. How do I transfer my entitlements into the CREST system?

If you are a Qualifying Ordinary Shareholder, but are a CREST member and want your Open Offer Shares to be in uncertificated form, you should complete the CREST deposit form (Box 13 on page 4 of the Application Form), and ensure they are delivered to the CREST courier and sorting service to be received by 3:00 p.m. on 10 July 2014 at the latest. CREST sponsored members should arrange for their CREST sponsors to do this.

If you have transferred your rights into the CREST system, you should refer to Part III of this Circular for details on how to apply for the Open Offer Shares.

20. Do I need to comply with the Money Laundering Regulations (as set out in paragraph 5 of Part III of this Circular)?

If you are a Qualifying Ordinary Shareholder, you may not need to follow these procedures if the value of the Open Offer Shares you are acquiring is less than €15,000 (or its pounds sterling equivalent) or if you pay for them by a cheque drawn on an account in your own name and that account is one which is held with an EU or United Kingdom regulated bank or building society. If you are a Qualifying CREST Shareholder, you will not generally need to comply with the Money Laundering Regulations unless you apply to take up all or some of your entitlement to Open Offer Entitlements as agent for one or more persons and you are not an EU or United Kingdom regulated financial institution.

Qualifying Ordinary Shareholders should refer to paragraph 5.1 of Part III of this Circular and Qualifying CREST Shareholders should refer to paragraph 5.2 of Part III of this Circular for a fuller description of the requirements of the Money Laundering Regulations.

21. Further assistance

Should you require further assistance please call the Receiving Agent on 0871 664 0321 (from inside the United Kingdom), or +44 208 639 3399 (from outside the United Kingdom), which is available between the hours of 9:00 a.m. to 5:30 p.m. (London time) Monday to Friday. Calls to the 0871 664 0321 number cost approximately 10 pence per minute (including value added tax) plus your service provider's network extras. Calls to the +44 208 639 3399 number will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Please note that, for legal reasons, the Receiving Agent is only able to provide information contained in this Circular and is unable to give advice on the merits of the Open Offer or to provide legal, business, accounting, tax, investment or other professional advice.

PART III

TERMS AND CONDITIONS OF THE OPEN OFFER

1. Introduction

- 1.1 The Company proposes to raise up to £1.16 million by way of an Open Offer of up to 23,200,000 Open Offer Shares at the Issue Price (being the same as the Issue Price for the Placing).
- 1.2 The Open Offer is an opportunity for Qualifying Shareholders to apply to subscribe for Open Offer Shares at the Issue Price in accordance with the terms of the Open Offer. Any Qualifying Shareholder who has sold or transferred all or part of his registered holding of existing Ordinary Shares before the date upon which the Ordinary Shares were marked “ex” the entitlement to the Open Offer by the London Stock Exchange on 23 June 2014, is advised to consult his stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him by the purchasers under the rules of the London Stock Exchange.
- 1.3 A summary of the arrangements relating to the Open Offer is set out below. This Circular and, for Qualifying Ordinary Shareholders, the Application Form contains the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 4 of this Part III which gives details of the procedure for application and payment for the Open Offer Shares.

2. The Open Offer

- 2.1 Subject to the fulfilment of the terms and conditions referred to in this Circular and, where relevant, set out in the Application Form, Qualifying Shareholders are being given the opportunity to apply for Open Offer Shares at the Issue Price, free of expenses, payable in full in cash on application, on the basis of:

1 Open Offer Share for every 6 existing Ordinary Shares

registered in the name of each Qualifying Shareholder at the Record Date and so on in proportion to any other number of Ordinary Shares then held.

- 2.2 Qualifying Shareholders may apply for more or fewer Open Offer Shares than they are entitled to under the Open Offer. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part, or at all. Assuming that there are no Overseas Shareholders who have registered addresses in, or are residents in or citizens of a Restricted Jurisdiction, and if every Qualifying Shareholder takes up their Open Offer Entitlements in full there will be no Open Offer Shares available under the Excess Application Facility. Therefore, applications under the Excess Application Facility may not be satisfied in full. In this event Qualifying Shareholders will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for by, but not allocated to, the relevant Qualifying Shareholder, multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the applicant’s sole risk.
- 2.3 To the extent that Open Offer Entitlements are not subscribed by existing Shareholders, Open Offer Entitlements will lapse and the Company reserves the right to sell or place any new Ordinary Shares attributable to such lapsed Open Offer Entitlements. Subject to existing Shareholders not having taken up their Open Offer Entitlements in full and to all valid applications under the Excess Application Facility having been honoured, D&A Income Limited has irrevocably committed to subscribe for up to 10,000,000 new Ordinary Shares attributable to lapsed Open Offer Entitlements. To the extent that sufficient Ordinary Shares attributable to lapsed Open Offer Entitlements remain

available for subscription after D&A Income Limited has subscribed for Ordinary Shares in accordance with its commitment, John Kinder has irrevocably committed to subscribe for up to 5,000,000 new Ordinary Shares attributable to lapsed Open Offer Entitlements and Keith Daley has irrevocably committed to subscribe for up to 1,900,000 new Ordinary Shares attributable to lapsed Open Offer Entitlement. In the event that there is significant undersubscription in the Open Offer, both John Kinder's and Keith Daley's commitment may need to be scaled back such that the concert party, of which both John Kinder and Keith Daley are members, will hold less than 30.0 per cent. of the Company's total voting rights after the Open Offer.

- 2.4 The total consideration under the Open Offer shall be less than €5,000,000 (or an equivalent amount) in aggregate (so that the Company is not required to prepare a prospectus in connection with the Open Offer for the purposes of the Prospectus Rules published by the FCA). To the extent that applications received from Qualifying Shareholders reach or exceed €5,000,000 in aggregate, excess applications shall be scaled-back at the absolute discretion of the Company (but to an amount which is not less than the relevant Qualifying Shareholder's entitlement under the Open Offer, as shown by the number of Open Offer Entitlements allocated to the relevant Qualifying Shareholder).
- 2.5 Fractions of Open Offer Shares will not be allotted and each Qualifying Shareholder's entitlement will be rounded down to the nearest whole number. Qualifying Shareholders may apply for any number of Open Offer Shares (i.e. more or less Open Offer Shares than they are entitled to under the Open Offer). A Qualifying Ordinary Shareholder's entitlement is equal to the number of Open Offer Entitlements as shown on their Application Form and a Qualifying CREST Shareholder's entitlement is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST. Any monies paid in excess of the amount due in respect of an application (because an excess application has been scaled back or otherwise) will be returned to the applicant (at the applicant's risk) without interest within 14 days. The action to be taken in relation to the Open Offer depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement.
- 2.6 If you have received an Application Form with this Circular, please refer to paragraph 4.5(a) and paragraphs 5 to 11 of this Part III.
- 2.7 If you hold your Ordinary Shares in CREST and have received a credit of Open Offer Entitlements to your CREST stock account, please refer to paragraph 4.5(b) and paragraphs 5 to 11 of this Part III and also to the CREST Manual for further information on the CREST procedures referred to below.
- 2.8 The Open Offer is not a rights issue. Qualifying CREST Shareholders should note that although the Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Qualifying Ordinary Shareholders should note that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for pursuant to the Open Offer Entitlements may, at the absolute discretion of the Company, be sold in the market or placed for the benefit of the Company.
- 2.9 The existing Ordinary Shares are admitted to trading on AIM. Application will be made for the Open Offer Shares to be admitted to trading on AIM. It is expected that Open Offer Admission will become effective and that dealings will commence in the Open Offer Shares at 8:00 a.m. on 18 July 2014.
- 2.10 The existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the Open Offer Shares; all of such Open Offer Shares, when issued and fully paid, may be held and transferred by means of CREST.

- 2.11 Application has been made for the Open Offer Entitlements and the Excess Open Offer Entitlements to be admitted to CREST. The conditions to such admission having already been met, the Open Offer Entitlements and the Excess Open Offer Entitlements are expected to be admitted to CREST with effect from 25 June 2014.
- 2.12 The Open Offer Shares will be issued fully paid and will be identical to, and rank *pari passu* in all respects with, the existing Ordinary Shares and will rank for all dividends or other distributions declared, made or paid after the date of issue of the Open Offer Shares. No temporary documents of title will be issued.

3. Conditions and Further Terms of the Open Offer

- 3.1 The Open Offer is conditional upon Open Offer Admission becoming effective by not later than 8:00 a.m. on 18 July 2014 (or such later time and/or date as the Company and finnCap agree, not being later than 8:00 a.m. on 31 July 2014). Accordingly, if such condition is not satisfied, or, if applicable, waived, the Open Offer will not proceed.
- 3.2 Further terms of the Open Offer are set out in this Circular and in the Application Form.

4. Procedure for Application and Payment

- 4.1 The action to be taken by a Qualifying Shareholder in respect of the Open Offer depends on whether, at the relevant time, a Qualifying Shareholder has an Application Form in respect of his entitlement under the Open Offer or Open Offer Entitlements and Excess Open Offer Entitlements credited to his CREST stock account in respect of such entitlement.
- 4.2 Qualifying Shareholders who hold their existing Ordinary Shares in certificated form will be allotted Open Offer Shares in certificated form. Qualifying Shareholders who hold all or part of their existing Ordinary Shares in uncertificated form will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding existing Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 4.5(b)(vii) of this Part III.
- 4.3 CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.
- 4.4 If for any reason it becomes necessary to adjust the expected timetable as set out in this Circular the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.
- 4.5 **Qualifying Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form.**

(a) ***If you have an Application Form in respect of your entitlement under the Open Offer***

(i) *General*

- (A) Qualifying Ordinary Shareholders will have received an Application Form enclosed with this Circular. The Application Form shows the number of existing Ordinary Shares registered in your name at the close of business on the Record Date. It also shows the number of Open Offer Shares you are entitled to apply for under the Open Offer, as shown by the total number of Open Offer Entitlements allocated to you. You may apply for more or less Open Offer Shares than you are entitled to should you wish to do so. The total number of Open Offer Shares is fixed and will not be increased in response to any applications in excess of what is available under the Excess Application Facility. Applications

under the Excess Application Facility will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of additional Open Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without the payment of interest as soon as practicable.

- (B) The instructions and other terms set out in the Application Form form part of the terms of the Open Offer.

(ii) *Market Claims*

- (A) Applications may only be made on the Application Form and may only be made by the Qualifying Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of existing Ordinary Shares through the market prior to the date upon which the existing Ordinary Shares were marked "ex" the entitlement to the Open Offer by the London Stock Exchange, being 23 June 2014. Application Forms may be split up to 3:00 p.m. on 11 July 2014. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Ordinary Shareholder who has sold or transferred all or part of his holding of existing Ordinary Shares prior to the date upon which the existing Ordinary Shares were marked "ex" the entitlement to the Open Offer by the London Stock Exchange, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee from his counterparty pursuant to the rules of the London Stock Exchange. Qualifying Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 10 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Application Form should not, however, subject to certain exceptions, be forwarded to or transmitted in or into any Restricted Jurisdiction.
- (B) If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 4.5(b)(vii) below.

(iii) *Application Procedures*

- (A) If you are a Qualifying Ordinary Shareholder and wish to apply for all, or some of or more than your entitlement to Open Offer Shares under the Open Offer you should complete and sign the Application Form in accordance with the instructions on it and send it, together with the appropriate remittance, by post or by hand (during business hours only) to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom, so as to arrive no later than 11:00 a.m. on 15 July 2014. A reply paid envelope is enclosed for use by Qualifying Ordinary Shareholders within the United Kingdom in connection with the Open Offer.
- (B) Please note that the Receiving Agent cannot provide financial advice on the merits of the Open Offer or as to whether or not you should take up your entitlement to Open Offer Shares under the Open Offer. If any Application Form is sent by first class post within the United Kingdom, Qualifying Ordinary Shareholders are recommended to allow at least four business days for delivery.

The Company may, in its absolute discretion, elect to accept Application Forms and remittances after that date. The Company may, in its sole discretion, elect to treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if it is not completed in accordance with the relevant instructions, or if it does not strictly comply with the terms and conditions of application. Applications will not be acknowledged.

(iv) *Payments*

- (A) All payments must be in pounds sterling and cheques or banker's drafts should be made payable to "*Capita Registrars Limited re: Elektron Technology plc – Open Offer A/C*" and crossed "A/C payee only". Cheques or banker's drafts must be drawn on the sole or joint account of the Shareholder named on the Application Form at an account at a branch of a bank or building society in the United Kingdom, the Channel Islands or the Isle of Man which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which is a member of either of the Committees of Scottish or Belfast clearing houses or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner. Third party cheques will not be accepted except bankers drafts or building society cheques which must be endorsed by the bank or building society on the back of the draft or cheque, as appropriate. Payments via CHAPS, BACS or electronic transfer will not be accepted.
- (B) Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct Capita Asset Services to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. The funds will be kept in a non-interest bearing account. It is a term of the Open Offer that cheques shall be honoured on first presentation, and the Company may elect in their absolute discretion to treat as invalid acceptances in respect of which cheques are not so honoured.
- (C) Application monies will be paid into a separate non-interest bearing bank account pending the Open Offer becoming unconditional. In the event that it does not become unconditional by 8:00 a.m. on 18 July 2014 or such later time and date as the Company shall agree (being no later than 8:00 a.m. on 31 July 2014), the Open Offer will lapse and application monies will be returned by post to applicants, at the applicants' risk and without interest, to the address set out on the Application Form, within 14 days thereafter.

(v) *Effect of Application*

- (A) All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.
- (B) By completing and delivering an Application Form, the applicant gives the representations, warranties, covenants, agreements and acknowledgements set out in paragraph 11 of this Part III.
- (C) If you do not wish to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, you should not complete and return the Application Form.
- (D) If you are in doubt whether or not you should apply for any of the Open Offer Shares under the Open Offer, you should consult your independent financial adviser immediately. All enquiries in relation to the procedure for application for Qualifying Ordinary Shareholders under the Open Offer should be addressed to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road,

Beckenham, Kent BR3 4TU, or by telephone on 0871 664 0321 from within the UK or on +44 208 639 3399 if calling from outside the UK. Lines are open between 9:00 a.m. and 5:30 p.m. (London time) Monday to Friday. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

(b) ***If you have Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer***

(i) *General*

- (A) Subject as provided in paragraph 6 of this Part III in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlements equal to the number of Open Offer Shares for which he is entitled to apply under the Open Offer. A Qualifying CREST Shareholder may apply for more or less Open Offer Shares than he is entitled to should he wish to do so. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of additional Open Offer Shares applied for by Qualifying CREST Shareholders under the Excess Application Facility. Further details of the Excess Application Facility are set out in paragraph 2 of this Part III.
- (B) The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the existing Ordinary Shares held on the Record Date by the Shareholder in respect of which the Open Offer Entitlements have been allocated.
- (C) If for any reason the Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by 3:00 p.m. or such later time as the Company may decide on 25 June 2014, an Application Form will be sent out to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements credited to his stock account in CREST. In these circumstances the expected timetable as set out in this Circular will be adjusted as appropriate and the provisions of this Circular applicable to Qualifying Ordinary Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive Application Forms.
- (D) CREST members who wish to apply for some, all or more than their entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact the Receiving Agent at Capita Asset Services using the contact details set out in paragraph (iii) below. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for Open Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

(ii) *Market claims*

The Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims

Processing Unit as “cum” the Open Offer entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) will thereafter be transferred accordingly.

(iii) *Excess Application Facility*

- (A) Qualifying CREST Shareholders at the Record Date who wish to make applications for additional Open Offer Shares (in excess of their initial *pro rata* entitlement) should follow the instructions below for submitting a USE in respect of the Excess Application Facility.
- (B) All enquiries in connection with the procedure for making an excess application should be addressed to the Receiving Agent at Capita Asset Services or by phone on 0871 664 0321 or, if calling from outside the UK on +44 208 639 3399. Calls to the Receiving Agent on 0871 664 0321 are charged at 10p per minute (including VAT) plus any of your service provider’s network extras. Lines are open 9:00 a.m. to 5:30 p.m. (Monday to Friday) London time. Calls to the Receiving Agent on +44 208 639 3399 from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. The Receiving Agent cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

(iv) *USE Instructions*

- (A) CREST members who wish to apply for Open Offer Shares in respect of some, all or more than their Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an Unmatched Stock Event (“USE”) instruction to Euroclear which, on its settlement, will have the following effect:
- (1) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and
 - (2) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (1) above.

(v) *Content of USE Instructions*

- (A) The USE instruction must be properly authenticated in accordance with Euroclear’s specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:
- (1) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Receiving Agent);
 - (2) the ISIN of the Open Offer Entitlement. This is GB00BNB74P32;
 - (3) the CREST participant ID of the accepting CREST member;
 - (4) the CREST member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
 - (5) the participant ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 7RA33;

- (6) the member account ID of the Registrar, in its capacity as a CREST receiving agent. This is 28303ELE;
 - (7) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (1) above;
 - (8) the intended settlement date. This must be on or before 11:00 a.m. on 15 July 2014; and
 - (9) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.
- (B) In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11:00 a.m. on 15 July 2014.
- (C) In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:
- (1) a contact name and telephone number (in the free format shared note field); and
 - (2) a priority of at least 80.
- (D) In the event that the Open Offer does not become unconditional by 8:00 a.m. on 18 July 2014 or such later time and date as the Company shall agree (being no later than 8:00 a.m. on 31 July 2014), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, within 14 days thereafter.
- (vi) *Content of USE Instructions in respect of the Excess Application Facility*
- (A) The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:
- (1) the number of excess Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Receiving Agent);
 - (2) the ISIN of the Excess Application Facility. This is GB00BNB74Q49;
 - (3) the CREST participant ID of the accepting CREST member;
 - (4) the CREST member account ID of the accepting CREST member from which the Excess Open Offer Entitlements are to be debited;
 - (5) the participant ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 7RA33;
 - (6) the member account ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 28303ELE;
 - (7) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in paragraph (1) above;
 - (8) the intended settlement date. This must be on or before 11:00 a.m. on 15 July 2014; and

- (9) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.
 - (B) In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11:00 a.m. on 15 July 2014.
 - (C) In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:
 - (1) a contact name and telephone number (in the free format shared note field); and
 - (2) a priority of at least 80.
 - (D) In the event that the Open Offer does not become unconditional by 8:00 a.m. on 18 July 2014 or such later time and date as the Company may, in its absolute discretion, elect (being no later than 8:00 a.m. on 31 July 2014), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, within 14 days thereafter. The interest (if any) earned on such monies will be retained for the benefit of the Company.
- (vii) *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*
- (A) A Qualifying Ordinary Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.
 - (B) A holder of an Application Form who is proposing so to deposit the entitlement set out in such form is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11:00 a.m. on 15 July 2014.
 - (C) In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements in CREST, is 3:00 p.m. on 10 July 2014, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements from CREST is 4:30 p.m. on 9 July 2014, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements prior to 11:00 a.m. on 15 July 2014.
 - (D) Delivery of an Application Form with the CREST Deposit Form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall

constitute a representation, warranty, covenant, agreement and acknowledgement to the Company and the Registrar by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes as set out in the CREST deposit form which forms part of the Application Form, and a declaration to the Company and the Registrar from the relevant CREST member(s) that it/they is/are not citizen(s) or resident(s) of any Restricted Jurisdiction and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(viii) *Validity of Application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11:00 a.m. on 15 July 2014 will constitute a valid application under the Open Offer.

(ix) *CREST Procedures and Timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11:00 a.m. on 15 July 2014. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(x) *Incorrect or Incomplete Applications*

(A) If a USE instruction includes a CREST payment for an incorrect sum, the Company through the Receiving Agent reserves the right:

- (1) to reject the application in full and refund the payment to the CREST member in question;
- (2) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question; and
- (3) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction refunding any unutilised sum to the CREST member in question.

(xi) *Effect of Valid Application*

(A) A CREST member who makes or is treated as making a valid application in accordance with the above procedures will thereby:

- (1) give the representations, warranties, covenants, agreements and acknowledgements set out in paragraph 11 of this Part III;
- (2) pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Registrars payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application); and

- (3) request that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this Circular and subject to the Articles.

(xii) *Company's discretion as to Rejection and Validity of Applications*

(A) The Company may in its sole discretion:

- (1) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part III;
- (2) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- (3) treat a properly authenticated dematerialised instruction (in this sub-paragraph the first instruction) as not constituting a valid application if, at the time at which the Registrar receives a properly authenticated dematerialised instruction giving details of the first instruction or, thereafter, either the Company or Registrar have received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (4) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

5. Money Laundering Regulations

5.1 Holders of Application Forms

- (a) To ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the verification of identity requirements). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent's stamp should be inserted on the Application Form.
- (b) The person lodging the Application Form with payment and in accordance with the other terms as described above (the acceptor), including any person who appears to the Receiving Agent to be acting on behalf of some other person, accepts the Open Offer in respect of such number of Open Offer Shares as is referred to therein (for the purposes of this paragraph 5,

the relevant Open Offer Shares) and shall thereby be deemed to agree to provide the Receiving Agent with such information and other evidence as the Receiving Agent may require to satisfy the verification of identity requirements.

- (c) If the Receiving Agent determines that the verification of identity requirements apply to any acceptor or application, the relevant Open Offer Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither the Receiving Agent nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.
- (d) If the verification of identity requirements apply, failure to provide the necessary evidence of identity and address within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.
- (e) Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Receiving Agent and the Company from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.
- (f) The verification of identity requirements will not usually apply:
 - (i) if the applicant is an organisation required to comply with the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or
 - (ii) if the acceptor is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
 - (iii) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name.
- (g) In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:
 - (i) if payment is made by cheque or banker's draft in sterling drawn on a branch in the British Isles of a bank or building society which bears a UK bank sort code number in the top right hand corner, the following applies. Cheques should be made payable to "*Capita Registrars Limited re: Elektron Technology plc – Open Offer A/C*" in respect of an application by a Qualifying Shareholder and crossed "A/C Payee Only" in each case. Third party cheques will not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker's draft to such effect. The account name should be the same as that shown on the Application Form; or
 - (ii) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in paragraph 5.1(g)(i) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, The Republic of South Africa, Switzerland, Turkey,

UK Crown Dependencies and the US and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide, with the Application Form, written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agent. If the agent is not such an organisation, it should contact the Receiving Agent at Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom (during normal business hours only if by hand) or by telephone as set out below.

- (h) To confirm the acceptability of any written assurance referred to in paragraph 5.1(g)(i) above, or in any other case, the acceptor should contact the Receiving Agent on 0871 664 0321 or if you are calling from outside the UK on +44 208 639 3399. Calls to the 0871 664 0321 number cost approximately 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9:00 a.m. to 5:30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.
- (i) If the Application Form(s) is/are in respect of Open Offer Shares with an aggregate subscription price of €15,000 (approximately £12,200) or more and is/are lodged by hand by the acceptor in person, or if the Application Form(s) in respect of Open Offer Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and separate evidence of his address.
- (j) If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11:00 a.m. on 15 July 2014, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Receiving Agent may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the applicant (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

5.2 ***Open Offer Entitlements in CREST***

- (a) If you hold your Open Offer Entitlements in CREST and apply for Open Offer Shares in respect of all or some or more than your Open Offer Entitlements as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Receiving Agent is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any USE or other instruction so that appropriate measures may be taken.
- (b) Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a representation, warranty, covenant, agreement, acknowledgement and undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

6. Overseas Shareholders

6.1 The making of the Open Offer to persons resident in, or who are citizens of, or who have a registered address in, countries other than the UK may be affected by the law or regulatory requirements of the relevant jurisdiction. The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

6.2 Overseas Shareholders who are resident in any Restricted Jurisdiction should refer to the notice in the London Gazette, by which the Open Offer is made to them. Such Overseas Shareholders will be able on personal application to the Receiving Agent to inspect or obtain a copy of this Circular and the Application Form and, subject to the terms and conditions of the Open Offer, may use the Application Form to apply for Open Offer Shares.

(a) *General*

- (i) The distribution of this Circular and the Application Form and the making of the Open Offer to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the UK or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the UK may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer.
- (ii) No action has been or will be taken by the Company or any other person to permit a public offering or distribution of this Circular (or any other offering or publicity materials or application form(s) relating to the Open Offer Shares) in any jurisdiction where action for that purpose may be required.
- (iii) Receipt of this Circular and/or an Application Form and/or a credit of Open Offer Entitlements and Excess Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in any jurisdiction in which it may be illegal to make such an invitation or offer including, without limitation, and subject to certain exemptions, the Restricted Jurisdictions and, in those circumstances, and subject to certain exemptions, this Circular and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.
- (iv) Due to restrictions under the securities laws of the Restricted Jurisdictions, Application Forms will not be sent to, and Open Offer Entitlements will not be credited to stock accounts in CREST of, Overseas Shareholders who are resident in, or who are citizens of, or who have a registered address in, a Restricted Jurisdiction, or their agents or intermediaries, except where the Company is satisfied, at its sole and absolute discretion, that such action would not result in the contravention of any registration or other legal requirement in the relevant jurisdiction.
- (v) No person receiving a copy of this Circular and/or an Application Form and/or a credit of Open Offer Entitlements or Excess Open Offer Entitlements to a stock account in CREST in any territory other than the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use any such Application Form and/or credit of Open Offer Entitlements or Excess Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him and such Application Form and/or credit of Open Offer Entitlements or Excess Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In

circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this Circular and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

- (vi) It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the UK wishing to apply for Open Offer Shares under the Open Offer to satisfy himself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory. Any such person may also be required to demonstrate to the Company, at the Company's sole discretion, that their application for Open Offer Shares is in accordance with all laws, notes and regulations applicable to them.
- (vii) Neither the Company nor finnCap nor any of their respective representatives is making any representation to any offeree or purchaser of Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.
- (viii) Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this Circular and/or an Application Form and/or a credit of Open Offer Entitlements or Excess Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements or Excess Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this Circular and/or an Application Form and/or a credit of Open Offer Entitlements or Excess Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his custodian, agent, nominee or trustee, he must not seek to apply for Open Offer Shares unless the Company is satisfied that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this Circular and/or an Application Form and/or transfers Open Offer Entitlements or Excess Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part III and specifically the contents of this paragraph 6.
- (ix) Subject to paragraphs 6.1(b) to (f) below, any person (including, without limitation, custodians, agents, nominees and trustees) outside the UK wishing to apply for Open Offer Shares must satisfy himself as to the full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and pay any issue, transfer or other taxes due in such territories.
- (x) The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or dispatched by an Overseas Shareholder who is resident in, or who is a citizen of, or who has a registered address in, a Restricted Jurisdiction or on behalf of such a person by their agent or intermediary or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Open Offer Shares or, in the case of a credit of Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be, in a Restricted Jurisdiction or any other jurisdiction outside the UK in which it would be unlawful to deliver such share certificates or make such a credit.

- (xi) The attention of Overseas Shareholders is drawn to paragraphs 6.1(b) to (f) below. Notwithstanding any other provision of this Circular or the Application Form, the Company reserves the right to permit any Qualifying Shareholder who is resident in, or who is a citizen of, or who has a registered address in, a Restricted Jurisdiction to apply for Open Offer Shares if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.
 - (xii) Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in sterling denominated cheques or banker's drafts or where such an Overseas Shareholder is a Qualifying CREST Shareholder, through CREST.
 - (xiii) Due to restrictions under the securities laws of the Restricted Jurisdictions, subject to certain exceptions, Overseas Shareholders who are resident in, or who are citizens of or who have a registered address in, a Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements.
 - (xiv) The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.
 - (xv) No public offer of Open Offer Shares is being made by virtue of this Circular or the Application Forms into any Restricted Jurisdiction. Receipt of this Circular and/or an Application Form and/or a credit of an Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this Circular and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.
- (b) ***United States***
- (i) Subject to certain exceptions, this Circular is intended for use only in connection with offers of Open Offer Shares outside the United States and any other Restricted Jurisdiction and neither this Circular nor any Application Form is to be sent or given to any person within the United States or any other Restricted Jurisdiction. The Open Offer Shares offered hereby are not being and will not be registered under the Securities Act or securities laws of any US state or jurisdiction and will not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and such other applicable laws.
 - (ii) Subject to certain exceptions, the Open Offer Shares will be distributed, offered or sold, as the case may be, outside the United States in offshore transactions within the meaning of, and in accordance with, Regulation S under the Securities Act.
 - (iii) Each person to which the Open Offer Shares are distributed, offered or sold outside the United States will be deemed by its subscription for the Open Offer Shares to have represented and agreed, on its behalf and on behalf of any investor accounts for which it is subscribing the Open Offer Shares, as the case may be, that:
 - (A) it is acquiring the Open Offer Shares from the Company in an "offshore transaction" as defined in Regulation S under the Securities Act; and

- (B) the Open Offer Shares have not been offered to it by the Company or finnCap by means of any “directed selling efforts” as defined in Regulation S under the Securities Act.
- (iv) Each subscriber acknowledges that the Company will rely upon the truth and accuracy of the foregoing representations and agreements, and agrees that if any of the representations and agreements deemed to have been made by such subscriber or purchaser by its subscription for the Open Offer Shares, as the case may be, are no longer accurate, it shall promptly notify the Company. If such subscriber is subscribing for the Open Offer Shares as a fiduciary or agent for one or more investor accounts, each subscriber or purchaser represents that it has sole investment discretion with respect to each such account and full power to make the foregoing representations and agreements on behalf of each such account.
- (v) Each subscriber acknowledges that it will not resell the Open Offer Shares without registration or an available exemption or safe harbour from registration under the Securities Act.
- (c) ***Other Restricted Jurisdictions***
 - (i) The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.
 - (ii) No offer of Open Offer Shares is being made by virtue of this Circular or the Application Forms into any Restricted Jurisdiction.
- (d) ***Other overseas territories***

Application Forms will be sent to Qualifying Ordinary Shareholders and Open Offer Entitlements and Excess Open Offer Entitlements will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than the Restricted Jurisdictions may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this Circular and the Application Form. Such Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the UK should, however, consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any Open Offer Shares. The participation by any such Qualifying Shareholder in the Open Offer will be at the absolute discretion of the Company.
- (e) ***Representations and warranties relating to Overseas Shareholders***
 - (i) ***Qualifying Ordinary Shareholders***
 - (A) Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company and the Receiving Agent that, except where proof has been provided to the Company’s satisfaction that such person’s use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting registration of the relevant Open Offer Shares from within any Restricted Jurisdiction; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within any Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept was

given; and (iv) such person is not acquiring Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories.

- (B) The Company and/or the Receiving Agent may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed, effected or dispatched from a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or (ii) provides an address in a Restricted Jurisdiction for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the UK in which it would be unlawful to deliver such share certificates); or (iii) purports to exclude the representation and warranty required by this sub-paragraph 6.1(e)(i).

(ii) *Qualifying CREST Shareholders*

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part III represents and warrants to the Company that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) neither it nor its client is within any Restricted Jurisdiction; (ii) neither it nor its client is in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares; (iii) it is not accepting on a non-discretionary basis for a person located within any Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) neither it nor its client is acquiring any Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories.

(f) *Waiver*

The provisions of this paragraph 6 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company, in its absolute discretion. Subject to this, the provisions of this paragraph 6 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 6 to Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 6 shall apply to them jointly and to each of them.

(g) *Notice in the London Gazette*

In accordance with section 562(3) of the Companies Act, the Open Offer to Overseas Shareholders who are resident in a Restricted Jurisdiction will be made by the Company publishing a notice in the London Gazette on 24 June 2014 stating where copies of this Circular and the Application Form may be inspected or obtained on personal application by or on behalf of such Overseas Shareholders.

Such Overseas Shareholders may obtain an Application Form and, subject to the terms and conditions of the Open Offer, accept the Open Offer by returning the Application Form in accordance with the instructions set out therein. Such Qualifying Shareholders will only be entitled to take up Open Offer Shares under the Open Offer if they can prove entitlement (that is, by providing the Company with the representations and warranties referred to in the Application Form and in paragraph 6(e) in this Part III as appropriate, or as otherwise agreed with the Company in writing, and with such proof as the Company may require as to compliance with the applicable legal requirements of the relevant jurisdiction).

7. Open Offer Admission, Settlement and Dealings

- 7.1 The result of the Open Offer is expected to be announced on 16 July 2014. Application will be made to AIM for admission to trading of the Open Offer Shares, which is expected to become effective and dealings in such shares, fully paid, to commence at 8:00 a.m. on 18 July 2014.
- 7.2 The existing Ordinary Shares are already admitted to CREST and applications will be made for the Open Offer Shares to be admitted to CREST. All such Ordinary Shares, when issued and fully paid, may be held and transferred by means of CREST.
- 7.3 Open Offer Entitlements and Excess Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11:00 a.m. on 15 July 2014 (being the latest practicable date for applications under the Open Offer). If the conditions to the Open Offer described above are satisfied, the Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for the Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company. On 18 July 2014, the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Open Offer Admission (expected to be on 18 July 2014). The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE instruction was given.
- 7.4 Notwithstanding any other provision of this Circular, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.
- 7.5 For Qualifying Ordinary Shareholders who have applied by using an Application Form, share certificates in respect of the Open Offer Shares validly applied for are expected to be dispatched by post on or around 25 July 2014. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the register of members of the Company. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying Non-CREST shareholders are referred to paragraph 4.5(a)(iii) of this Part III, and the Application Form.
- 7.6 The result of the Open Offer will be announced and made public through an announcement on a Regulatory Information Service as soon as reasonably practicable after the results are known.

8. Times and Dates

- 8.1 The Company shall, in its discretion, and after consultation with its financial and legal advisers, be entitled to amend the dates on which Application Forms are dispatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this Circular and in such circumstances shall make an announcement on a Regulatory Information Service.
- 8.2 If a supplementary circular is published by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this Circular, the latest date for acceptance under the Open Offer shall be extended to the date that is at least three Business Days after the date of publication of the supplementary circular (and the dates and times of principal events due to take place following such date shall be extended accordingly).

9. Governing Law and Jurisdiction

The terms and conditions of the Open Offer as set out in this Circular, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, the laws of England. The courts of England are to have exclusive jurisdiction to settle any dispute which may arise

out of or in connection with the Open Offer, this Circular or the Application Form including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer, this Circular or the Application Form. By taking up Open Offer Shares under the Open Offer in accordance with the instructions set out in this Circular and, where applicable, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

10. Further Information

Your attention is drawn to the further information set out in this Circular and also to the terms, conditions and other information printed on any Application Form.

11. Warranties

Each Qualifying Shareholder applying for Open Offer Shares represents, warrants, covenants, agrees and acknowledges as follows:

- 11.1 the Company and others will rely upon its representations, warranties, covenants, agreements and acknowledgements set forth herein, and it agrees to notify the Company promptly in writing if any of its representations, warranties, covenants, agreements or acknowledgements ceases to be accurate and complete;
- 11.2 it has read and understood and accepted the terms and conditions of the Open Offer contained in this Circular and its application for Open Offer Shares shall be on and subject to the terms and conditions of this Circular and, if it is a Qualifying Ordinary Shareholder, the Application Form;
- 11.3 it agrees that all applications, and contracts resulting therefrom, and all non-contractual claims under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- 11.4 it is a Qualifying Shareholder originally entitled to Open Offer Entitlements or if it has received some or all of its Open Offer Entitlements from a person other than the Company, it is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- 11.5 it may lawfully acquire the Open Offer Shares to be subscribed by it pursuant to the Open Offer and has the capacity and authority and is entitled to enter into and perform its obligations as a subscriber for Open Offer Shares and will honour such obligations;
- 11.6 it agrees that its obligations under the Open Offer shall not be capable of rescission or termination by it in any circumstance;
- 11.7 in agreeing to acquire the Open Offer Shares, it is relying on the information contained in this Circular and any announcement made by or on behalf of the Company through a Regulatory Information Service and it is not relying on any information given or representation, warranty, undertaking, agreement or statement made at any time by the Company or its officers, directors, agents, employees or advisers, or any other person in relation to the Company or its subsidiary undertakings, the Open Offer or the Open Offer Shares, and neither the Company nor any other person will be liable for any Qualifying Shareholder's decision to participate in the Open Offer based on any other information, representation, warranty, undertaking, agreement or statement which Qualifying Shareholders may have obtained or received. In addition, it has neither received nor relied on any confidential price-sensitive information. Nothing in this paragraph shall exclude the liability of any person for fraud;
- 11.8 it is entitled to acquire the Open Offer Shares under the terms of the Open Offer and the laws of all relevant jurisdictions which apply to it (the "**Applicable Securities Laws**") and it has fully observed such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has not taken any action or omitted

- to take any action which will or may result in the Company or any of their officers, directors, agents, employees or advisers acting in breach of any law or regulatory requirement of any territory or jurisdiction in connection with the Open Offer or its entitlement;
- 11.9 it is not, nor is it applying on behalf of any person who is, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that it is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome) and the Qualifying Shareholder is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of its application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is or may be prevented by law (except where proof satisfactory to the Company has been provided to the Company that the Qualifying Shareholder is able to accept the invitation by the Company pursuant to an applicable exemption and free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor such person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- 11.10 it irrevocably appoints any Director of the Company as its agent for the purpose of executing and delivering to the Company and/or the Receiving Agent any documents on its behalf necessary to enable it to be registered as the holder of Open Offer Shares;
- 11.11 it is not, and nor is it applying for Open Offer Shares as nominee or agent for, a person who is or may be liable to notify and account for stamp duty or stamp duty reserve tax at any of the increased rates referred to in sections 67 to 72 inclusive and sections 93 to 97A inclusive of the Finance Act 1986 (Depositary Receipts and Clearance Services) and, in the event of any breach of this warranty, it agrees that neither the Company nor any other person will have any liability to it or other persons in respect of such duty or tax;
- 11.12 the Applicable Securities Laws do not require the Company to make any filings or seek any approvals of any kind whatsoever from any regulatory authority of any kind in connection with the Open Offer in the jurisdiction in which it is resident;
- 11.13 the purchase by it of Open Offer Shares does not trigger in the jurisdiction in which it is resident: (a) any obligation to prepare or file a prospectus or similar document or any other report with respect to such purchase; or (b) any disclosure reporting obligation of the Company; or (c) any registration or other obligation on the part of the Company; or (d) the requirement for the Company to take any other action;
- 11.14 the offer and sale to it of Open Offer Shares was not made through an advertisement of the Open Offer Shares in printed media of general and regular paid circulation, radio or television or any other form of advertisement;
- 11.15 it and any person acting on its behalf is aware of the obligations in connection with money laundering under the Money Laundering Regulations to the extent applicable to it and, if it is making payment on behalf of a third party, it has obtained and recorded satisfactory evidence to verify the identity of the third party as required by the Money Laundering Regulations;
- 11.16 it agrees to be bound by the terms of the Articles of the Company in force immediately following Open Offer Admission;
- 11.17 it will not deal or cause or permit any other person to deal in all or any of the Open Offer Shares unless and until Open Offer Admission becomes effective;

- 11.18 the Company is relying on one or more exemptions from the registration requirements of the Securities Act and, as a consequence of acquiring the Open Offer Shares pursuant to such exemption(s), certain protections, rights and remedies provided by Applicable Securities Laws will not be available to it, including an obligation on the Company to provide it with a prospectus or other disclosure document, and, save for this Circular, no offer document, admission document or prospectus has been, or is required to be, prepared in connection with the Open Offer;
- 11.19 it has not received a prospectus or admission document or, save for this Circular, any other offering document in connection with the Open Offer, and no United States federal or state agency or any other government or governmental agency has passed on or made any recommendation or endorsement of the Open Offer Shares or the fairness or suitability of the investment in the Open Offer Shares nor have such authorities passed upon or endorsed the merits of the offering of the Open Offer Shares;
- 11.20 it acknowledges that the Ordinary Shares are admitted to trading on AIM and the Company is therefore required to publish certain business and financial information in accordance with the rules of AIM (the “**Exchange Information**”), and that it is able to obtain or access the Exchange Information without undue difficulty;
- 11.21 neither the Company nor finnCap nor any person acting on their behalf nor any of their respective affiliates nor any of their respective directors, officers, employees, agents, partners or professional advisers has or shall have any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement contained in the Exchange Information, any other information made available by or on behalf of the Company or made publicly available by the Company on its website, by press release, by public filing or otherwise or any other information, provided that nothing in this paragraph excludes the liability of any person for fraud made by that person;
- 11.22 if it is acquiring any Open Offer Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, covenants, agreements and acknowledgements on behalf of each such account;
- 11.23 it acknowledges that the Open Offer Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;
- 11.24 it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Circular (or any part thereof) to or within the United States, nor will it do any of the foregoing;
- 11.25 it is purchasing the Open Offer Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Open Offer Shares in any manner that would violate the Securities Act or any other Applicable Securities Laws, and it does not have a present arrangement to effect any distribution of the Open Offer Shares to or through any person or entity;
- 11.26 it is not acquiring any Open Offer Shares for resale in the United States and it has not and will not deliver or forward any advertisement or other offering material in relation to the Open Offer Shares in or into the United States;
- 11.27 it will indemnify and hold the Company and its respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, agreements and covenants in this Circular. All representations, warranties, agreements and covenants given by it in this Circular are given to the Company and will survive completion of the Open Offer;
- 11.28 it is acquiring the Open Offer Shares in an offshore transaction meeting the requirements of Regulation S under the Securities Act;

- 11.29 at the time it received the offer to purchase the Open Offer Shares it was not in the United States;
- 11.30 it: (i) understands and acknowledges that the offering and sale of the Open Offer Shares are not being, and will not be, made, directly or indirectly, in or into, or by the use of the mails or any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facilities of a national securities exchange of, the United States; and (ii) acknowledges that no Application Form will be accepted by any such use, means, instrumentality or facility or from within the United States, and doing so may render such Application Form invalid;
- 11.31 its receipt and execution of the Application Form each occurred outside the United States;
- 11.32 it is not acquiring the Open Offer Shares as a result of or due to, and will not engage in, any “directed selling efforts” (as defined in Regulation S under the Securities Act) in the United States in respect of the Open Offer Shares, which would include any activities undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the resale of the Open Offer Shares, including placing an advertisement in a publication with a general circulation in the United States, nor has it seen or been aware of any activity that, to its knowledge, constitutes directed selling efforts in the United States; and
- 11.33 it understands and acknowledges that finnCap is acting for the Company and not any other person in connection with the Open Offer and will not be responsible to any other person for providing the protections afforded to the clients of finnCap or for affording advice in relation to the Open Offer. Nothing in this paragraph shall serve to exclude or limit any responsibilities which finnCap may have under FSMA or the regulatory regime established thereunder. finnCap is not making any representation or warranty, express or implied, as to the contents of this Circular.

PART IV
ADDITIONAL INFORMATION

1. Share Capital

The issued share capital of the Company as at the date of this Circular and as it is expected to be on Placing Admission and Open Offer Admission (assuming that the Open Offer is fully subscribed) is set out below:

| | | |
|-----------------------------------|--------------------------------|-----------------------------------|
| <i>Before the Capital Raising</i> | <i>After Placing Admission</i> | <i>After Open Offer Admission</i> |
| 119,526,265 | 166,326,265 | 189,526,265 |

As at the date of this Circular there are in issue 5,462,654 options to subscribe for Ordinary Shares, which are currently exercisable at prices ranging between 10.625 pence and 38 pence.

2. Directors' Interests

| <i>Director</i> | <i>Before the Capital Raising</i> | | <i>After</i> | | |
|---------------------------------|-----------------------------------|--------------------------|--------------|-----------------------------|------------------------|
| | <i>Existing Ordinary Shares</i> | <i>Placing Admission</i> | <i>%</i> | <i>Open Offer Admission</i> | <i>%⁽¹⁾</i> |
| Keith Daley ^{(2), (4)} | 16,812,016 | 20,612,016 | 12.39 | 22,512,016 | 11.88 |
| John Wilson ^{(3), (4)} | 3,957,661 | 3,957,661 | 2.38 | 3,957,661 | 2.09 |
| Andy Weatherstone | 0 | 0 | 0.00 | 0 | 0.00 |
| Tony Harris ⁽⁵⁾ | 10,000 | 10,000 | 0.000 | 11,666 | 0.00 |
| Ric Piper ⁽⁵⁾ | 326,000 | 326,000 | 0.001 | 380,833 | 0.001 |

- (1) Assumes that 100 per cent. of the Ordinary Shares theoretically available under the Open Offer are subscribed for in the Capital Raising.
- (2) Keith Daley has undertaken not to subscribe for his Open Offer Entitlements as described in section 5 of Part I of this Circular; assumes that Keith Daley will subscribe for 1,900,000 new Ordinary Shares attributable to lapsed Open Offer Entitlements as described in section 5 of Part I of this Circular.
- (3) John Wilson has undertaken not to subscribe for his Open Offer Entitlements as described in section 5 of Part I of this Circular.
- (4) Includes Ordinary Shares subject to awards under the Company's Joint Share Option Plan that are not yet vested.
- (5) Assumes that each of Tony Harris and Ric Piper takes up his Open Offer Entitlements in full, as each has confirmed he intends to do, but no assumption is made as to any possible subscription under the Excess Application Facility.

3. Major Shareholders

The following table shows the beneficial interests, as far as the Company is aware, of those investors holding 3 per cent. or more of the existing Ordinary Shares as at the date of this Circular and their resultant holdings after Placing Admission and Open Offer Admission (assuming that the Open Offer is fully subscribed):

| <i>Shareholder</i> | <i>Percentage of existing issued share capital before Capital Raising</i> | <i>Percentage of Enlarged Share Capital after Placing Admission</i> | <i>Percentage of Enlarged Share Capital after Open Offer Admission⁽¹⁾</i> |
|--------------------------------|---|---|--|
| John Kinder | 15.84% | 14.99% | 15.79% ⁽²⁾ |
| Elektron Technology 2012 | | | |
| Employee Benefit Trust | 12.61% | 9.06% | 7.95% |
| Keith Daley ⁽⁴⁾ | 10.12% | 9.55% | 9.39% |
| Nick & Rachelle Slater | 6.93% | 4.98% | 5.24% |
| Panther Securities plc | 5.36% | 5.65% | 5.95% |
| D&A Income Limited | 4.10% | 20.98% | 23.69% ⁽³⁾ |
| Rototherm Group | 3.29% | 2.36% | 2.48% |
| Cavendish Asset Management Ltd | 3.00% | 2.16% | 2.27% |

- (1) Assumes that each of D&A Income Limited, Keith Daley and John Kinder subscribes in full for new Ordinary Shares arising from lapsed Open Offer Entitlements in accordance with their respective commitments (see (2), (3) and (4) below, but that no other shareholders who are currently interested, directly or indirectly, in 3 per cent. or more of the Company's issued share capital, take up their Open Offer Entitlements.

- (2) John Kinder has undertaken not to subscribe for his Open Offer Entitlements as described above; assumes that John Kinder will subscribe for 5,000,000 new Ordinary Shares attributable to lapsed Open Offer Entitlements as described in section 5 of Part I of this Circular.
- (3) Assumes that D&A Income Limited will subscribe for 10,000,000 new Ordinary Shares attributable to lapsed Open Offer Entitlements as described in section 5 of Part I of this Circular. D&A Income Limited is an investment company, owned by a trust of which Mr Graham Edwards is a principal beneficiary.
- (4) Excluding Ordinary Shares subject to awards under the Company's Joint Share Option Plan that are not yet vested; assumes that Keith Daley will subscribe for 1,900,000 new Ordinary Shares attributable to lapsed Open Offer Entitlements as described above.

4. Financial Information

The annual report and audited accounts for the Group for the financial year ended 31 January 2013, together with the unaudited preliminary accounts for the financial year ended 31 January 2014, are available on the Company's website at www.elektron-technology.com.

5. Material Contracts

The Company and finnCap have entered into the Placing and Open Offer Agreement on 23 June 2014 which is, or may be, material. The terms and conditions applicable to the Open Offer are set out in the Placing and Open Offer Agreement. finnCap has agreed to use all reasonable endeavours to assist the Company in making the Open Offer to Qualifying Shareholders. The Placing and Open Offer Agreement contains certain customary warranties. The Company has also agreed to indemnify finnCap against all losses, costs, charges and expenses which finnCap may suffer or incur as a result of, occasioned by or attributable to the carrying out of its duties under the Placing and Open Offer Agreement.

6. Litigation

Save in relation to the derivative claim brought by Mr B Bridge, one of the Company's Shareholders, as disclosed in the Company's unaudited preliminary results for the financial year ended 31 January 2014 published on 23 June 2014, the Company is not involved in any governmental, legal or arbitration proceedings which are having, may have or have had, in the previous 12 months, a significant effect on its financial position and, so far as the Directors are aware, there are no such proceedings pending or threatened against the Company.

7. General

The total cost and expenses payable by the Company in connection with the Capital Raising (including professional fees, commissions, the cost of printing and the fees payable to the registrars) are estimated to amount to approximately £250,000 (excluding VAT).

8. Consents

finnCap has given and not withdrawn its consent to the publication of this Circular with the inclusion of the references to its name in the form and context in which they appear.

9. London Gazette Notice

In order to comply with the provisions of the Companies Act, the offer of Open Offer Shares to Overseas Shareholders who are resident in a Restricted Jurisdiction will be made pursuant to section 562(3) of the Companies Act by way of an appropriate notice in the London Gazette. The Open Offer is not being made to such Overseas Shareholders by means of sending this Circular or the Application Form to them, and nor will the stock accounts of such Overseas Shareholders who hold existing Ordinary Shares in CREST be credited with Basic Entitlement or Excess Entitlement. Such Overseas Shareholders should see paragraph 6 of Part III of this Circular for further information. The attention of all Overseas Shareholders is drawn to paragraph 6 of Part III of this Circular.

10. Availability of Circular

This Circular will be available on the Company's website (www.elektron-technology.com) free of charge in accordance with the requirements of Rule 26 of the AIM Rules.

PART V

DEFINITIONS

| | |
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| “AIM” | a market operated by the London Stock Exchange |
| “AIM Rules” | the AIM Rules for Companies published by the London Stock Exchange governing the admission to, and the operation of, AIM |
| “Announcement” | the announcement of the Capital Raising made via the Regulatory Information Service on 23 June 2014 |
| “Application Form” | the application form accompanying this Circular to be used by Qualifying Ordinary Shareholders in connection with the Open Offer |
| “Articles” | the articles of association of the Company as at the date of this Circular |
| “Basic Entitlement” | the total Open Offer Entitlement per Qualifying Shareholder |
| “Board of Directors”, “Board” or “Directors” | the directors of the Company as at the date of this Circular |
| “Business Day(s)” | any day on which banks in London are open for business (excluding Saturdays, Sundays and public holidays) |
| “Capita Asset Services” | a trading name of Capita Registrars Limited |
| “Capital Raising” | the Placing and the Open Offer, taken together |
| “Circular” | this document |
| “City Code” | the City Code on Takeovers and Mergers |
| “Companies Act” | the Companies Act 2006, as amended |
| “Company” or “Elektron” | Elektron Technology plc |
| “CREST” | the computerised settlement system (as defined in the Regulations) operated by Euroclear which facilitates the transfer of title to shares in uncertificated form |
| “CREST member” | a person who has been admitted by Euroclear as a system-member (as defined in the Regulations) |
| “CREST participant” | a person who is, in relation to CREST, a system-participant (as defined in the Regulations) |
| “CREST payment” | as such term is defined in the CREST Manual issued by Euroclear |
| “CREST sponsor” | a CREST participant admitted to CREST as a CREST sponsor |
| “CREST sponsored member” | a CREST member admitted to CREST as a sponsored member (which includes all CREST Personal Members) |
| “Disclosure and Transparency Rules” | the disclosure rules and transparency rules made by the Financial Conduct Authority under Part VI of FSMA |
| “enabled for settlement” | in relation to Open Offer Entitlements, enabled for the limited purpose of settlement of claim transactions and unmatched stock event transactions (each as described in the CREST Manual issued by Euroclear) |

| | |
|---|---|
| “Enlarged Share Capital” | the issued ordinary share capital of the Company following completion of the Capital Raising |
| “Euroclear” | Euroclear UK & Ireland Limited, the operator of CREST |
| “Excess CREST Open Offer Entitlements” | in respect of Qualifying CREST Shareholders, the entitlement to apply for Open Offer Shares in addition to their Open Offer Entitlement credited to his stock account in CREST under the Excess Application Facility, subject to the terms and conditions of the Open Offer |
| “Excess Open Offer Entitlements” | an entitlement for each Qualifying Shareholder to apply to subscribe for Open Offer Shares in addition to his Open Offer Entitlement pursuant to the Excess Application Facility which is conditional on him taking up his Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this Circular |
| “Excess Shares” | Open Offer Shares in addition to the Open Offer Entitlement for which Qualifying Shareholders may apply under the Excess Application Facility |
| “Excess Application Facility” | to the extent that the Open Offer Entitlements to Open Offer Shares are not subscribed for in full by Qualifying Shareholders, the facility for Qualifying Shareholders to apply for additional Open Offer Shares over and above their Open Offer Entitlements, subject to the terms and conditions |
| “FCA” | the Financial Conduct Authority of the United Kingdom |
| “finnCap” or “Broker” | finnCap Ltd, the Company’s nominated adviser and broker, a company incorporated in England and Wales with registered number 06198898, whose registered office is at 60 New Broad Street, London EC2M 1JJ, United Kingdom |
| “FSMA” | the Financial Services and Markets Act 2000, as amended |
| “Group” | the Company and its subsidiaries and subsidiary and associated undertakings at the date of this Circular |
| “Independent Committee” | Tony Harris, Ric Piper and Andy Weatherstone |
| “Independent Directors” | Tony Harris, Ric Piper and Andy Weatherstone |
| “Issue Price” | 5 pence per Open Offer Share |
| “London Gazette” | the official newspaper of the Crown |
| “London Stock Exchange” | London Stock Exchange plc |
| “Member Account ID” | the identification code or number attached to any member account in CREST |
| “Money Laundering Regulations” | the Money Laundering Regulations 2007 and obligations in connection with money laundering under the Criminal Justice Act 1993 and the Proceeds of Crime Act 2002 |
| “Official List” | the Official List maintained by the United Kingdom Listing Authority |

| | |
|---|--|
| “Open Offer” | the invitation to Qualifying Shareholders to subscribe for Open Offer Shares at the Issue Price on the terms and subject to the conditions set out or referred to in Part III of this Circular and, where relevant, the Application Form |
| “Open Offer Admission” | the admission of the Open Offer Shares to trading on AIM becoming effective in accordance with the AIM Rules |
| “Open Offer Entitlement” | the <i>pro rata</i> basic entitlement for Qualifying Shareholders to subscribe for one Open Offer Share for every six existing Ordinary Shares held on the Record Date pursuant to the Open Offer |
| “Open Offer Share(s)” | the up to 23,200,000 new Ordinary Shares in the capital of the Company to be issued at the Issue Price pursuant to the Open Offer |
| “Ordinary Share(s)” | the ordinary shares of 5 pence each in the share capital of the Company from time to time |
| “Overseas Shareholder(s)” | Shareholders who are resident in, or who are citizens of, or have registered addresses in, territories other than the United Kingdom |
| “Placing” | the firm placing of the 46,800,000 new Ordinary Shares at 5 pence per share (being the Issue Price) by finnCap on behalf of the Company which was announced on 23 June 2014 |
| “Placing Admission” | the admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules |
| “Placing and Open Offer Agreement” | the conditional Placing and Open Offer Agreement dated 23 June 2014 made between the Company and finnCap |
| “Placing Shares” | the 46,800,000 new Ordinary Shares at 5 pence per share being issued pursuant to the Placing |
| “Qualifying CREST Shareholder(s)” | holders of Ordinary Shares in uncertificated form on the register of members of the Company at the close of business on the Record Date |
| “Qualifying Ordinary Shareholder(s)” | holders of Ordinary Shares in certificated form on the register of members of the Company at the close of business on the Record Date |
| “Qualifying Shareholders” | Qualifying Ordinary Shareholders and Qualifying CREST Shareholders (other than certain Overseas Shareholders) |
| “Record Date” | 5:00 p.m. on 20 June 2014 |
| “Receiving Agent” | Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU |
| “Registrar” | Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham BR3 4TU |
| “Regulations” | the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended from time to time |
| “Regulation S” | Regulation S under the Securities Act |
| “Regulatory Information Service” | as such term is defined in the AIM Rules |

| | |
|-------------------------------------|---|
| “Restricted Jurisdiction(s)” | the United States of America, Canada, Australia, the Republic of South Africa, Japan, New Zealand and/or Russia |
| “Securities Act” | the U.S. Securities Act of 1933, as amended |
| “Shareholder(s)” | holder(s) of Ordinary Share(s) from time to time |
| “stock account” | an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited |
| “Takeover Panel” | the Panel on Takeovers and Mergers in the UK |
| “United Kingdom” or “UK” | the United Kingdom of Great Britain and Northern Ireland, its territories and possession, and all areas subject to its jurisdiction |

A reference to “**£**” is to pounds sterling, the lawful currency of the UK.

A reference to “**United States Dollars**” or “**US\$**” is to United States dollars, the lawful currency of the United States of America.

A reference to “**€**”, “**EUR**” or “**Euro**” is to currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

