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If you have sold or otherwise transferred your entire holding of ordinary shares in REACT Energy plc, please forward this document, together with the enclosed Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through to whom the sale or transfer was effected, for transmission to the purchaser or transferee as soon as possible. If you have sold or otherwise transferred only part of your holding of ordinary shares in REACT Energy plc, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected as to the action you should take.

The Directors, whose names are set out on page 10 of this document and the Company, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the importance of such information.

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# **REACT Energy plc**

*(Incorporated in Ireland under the Companies Act 2014 with registered number 462861)*

## **Share Capital Reorganisation**

**Assignment of the benefit of the NBL Debt due to EBIOS Energy AD to REACT Energy plc**

**Debt-for-equity conversion of NBL Debt for 78,210,000 New Ordinary Shares**

**Approval of the Whitewash Resolution under Rule 9 of the Irish Takeover Rules**

**Change of Name to EQTEC PLC**

**and**

**Notice of Extraordinary General Meeting**

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**Your attention is drawn to the recommendation of the Board of Directors of the Company which is set out in this document and which recommends that you vote in favour of the Resolutions set out in the notice of Extraordinary General Meeting referred to below.**

The release, publication or distribution of this document in or into jurisdictions other than Ireland and the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about, and observe, any such restrictions or applicable requirements. Failure to comply with any such restrictions or applicable requirements may constitute a violation of the securities laws of any such jurisdiction.

**Notice of an Extraordinary General Meeting to be held at Cork International Hotel, Cork, Ireland on 6 February 2017 at 11:30 a.m. is set out at the end of this document. For Shareholders who hold Existing Ordinary Shares in certificated form, a Form of Proxy for use at the General Meeting is enclosed which, if you wish to validly appoint a proxy, should be completed and signed in accordance with the instructions printed thereon, and returned by post to the Company’s Registrars, Capita Asset Services, Shareholder solutions (Ireland), P.O. Box 7117, Business Reply, Dublin 2, DO2 A342, Ireland or by hand to Capita Asset Services, Shareholder solutions (Ireland), 2 Grand Canal Square, Dublin 2, DO2 A342, Ireland as soon as possible but in any event so as to be received by the Company’s Registrars no later than 48 hours before the time appointed for the General Meeting. The completion and return of a Form of Proxy will not preclude you from attending and voting in person at the General Meeting, or any adjournment thereof, should you wish to do so.**

Alternatively, for those Shareholders who hold Existing Ordinary Shares in CREST, a Shareholder may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Capita Registrars (CREST participant ID 7RA08). In each case the proxy appointment must be received by no later than 11:30 a.m. on 4 February 2017. The completion and return of either an electronic proxy appointment notification or a CREST Proxy Instruction (as the case may be) will not prevent the Shareholder from attending and voting in person at the General Meeting or any adjournment thereof, should the Shareholder wish to do so.

This document contains no offer of securities to the public within the meaning of the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland, the Prospectus Rules of the Financial Conduct Authority of the United Kingdom or otherwise. This document has not been approved by the Financial Regulator of Ireland or the Financial Conduct Authority of the United Kingdom. This document does not constitute a prospectus and a copy of it has not nor will be delivered to the Companies Registration Office of Ireland or the Registrar of Companies in England and Wales.

The completion and return of the Form of Proxy, or the use of the CREST electronic proxy appointment service will not prevent you from attending and voting at the General Meeting, or any adjournment thereof, in person should you wish to do so.

If you have any questions about this document or the Extraordinary General Meeting, or are in any doubt as to how to complete the Form of Proxy, please call the Company’s Registrars, Capita Asset Services, Shareholder solutions (Ireland) helpline on 01 553 0050. Lines are open Monday to Friday between 9:00 a.m. and 5:00 p.m. (from outside Ireland +353 1 553 0050). Please note that

calls may be monitored or recorded and the representatives cannot provide financial advice or advice on the merits of the approval of the Resolutions.

The distribution of this document in jurisdictions other than the United Kingdom or Ireland may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, this document should not be forwarded or transmitted in or into the United States, Canada, Australia, South Africa, Japan or any other jurisdiction where it would be illegal to do so.

Strand Hanson Limited (“Strand Hanson”), which is authorised and regulated by the Financial Conduct Authority, is acting exclusively for the Company and no-one else (including the recipients of the Circular) and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for advising any other person on the contents of this document or any matter, transaction or arrangement referred to therein. Strand Hanson makes no representation or warranty, express or implied, as to the contents of this document and Strand Hanson does not accept any liability whatsoever for the accuracy of or opinions contained in (or for the omission of any material information) this document and shall not be responsible for the contents of this document. Nothing in this paragraph shall serve to exclude or limit any responsibilities which Strand Hanson may have under FSMA or the regulatory regime established thereunder.

Strand Hanson has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as of any subsequent time.

A copy of this Circular may be downloaded via the Company’s website ([www.reactenergyplc.com](http://www.reactenergyplc.com)) or inspected at the registered office of the Company (Building 1000, Citygate, Mahon, Cork, Ireland) or at the offices of McEvoy Corporate Law, 33 Fitzwilliam Square, Dublin 2, Ireland.

**This document is dated 10 January 2017.**

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Posting of this document and Form of Proxy	10 January 2017
Latest time and date for receipt of Forms of Proxy	11:30 a.m. on 4 February 2017
Extraordinary General Meeting	11:30 a.m. on 6 February 2017
Announcement of the results of the Extraordinary General Meeting	6 February 2017
Share Capital Reorganisation Record Date	6:00 p.m. on 6 February 2017
Expected time and date for Admission and commencement in dealings in the New Ordinary Shares (following completion of the Share Capital Reorganisation), and the New EBIOSS Shares on AIM	8:00 a.m. on 7 February 2017
Expected date for crediting of the New Ordinary Shares (following completion of the Share Capital Reorganisation), and the New EBIOSS Shares, in uncertificated form to CREST accounts	7 February 2017
Expected date of dispatch of definitive share certificates for the New EBIOSS Shares	on or before 21 February 2017

### **Note**

*Unless otherwise stated, all references in this document are to Dublin time. The dates given are based on the Directors' expectations and may be subject to change. Any change to the timetable will be notified to the London Stock Exchange and to the market via a regulatory announcement.*

## ILLUSTRATIVE STATISTICS FOR THE PROPOSALS

Nominal value per Existing Ordinary Share (pre the Share Capital Reorganisation)	€0.10
Nominal value per New Ordinary Share (post the Share Capital Reorganisation)	€0.001
Nominal value per 2017 Deferred Share (created as part of the Share Capital Reorganisation)	€0.099
Market price per Existing Ordinary Share <sup>(1)</sup>	3.75 pence
Anticipated market price per New Ordinary Share following completion of the Share Capital Reorganisation <sup>(2)</sup>	3.75 pence
Number of Existing Ordinary Shares in issue (by reference to Existing Ordinary Shares pre the Share Capital Reorganisation) <sup>(3)</sup>	75,140,494
Number of New Ordinary Shares in issue (post the Share Capital Reorganisation)	75,140,494
Number of 2017 Deferred Shares in issue (post the Share Capital Reorganisation)	75,140,494
Amount outstanding pursuant to the EQTEC Agreement and to be assigned to REACT pursuant to the Settlement Deed <sup>(4)</sup>	€5,150,226
Issue price per New EBIOSS Share on a post Share Capital Reorganisation basis	5.53 pence
Number of New EBIOSS Shares to be issued pursuant to the debt-for-equity conversion of amounts outstanding under the EQTEC Agreement to be assigned to REACT pursuant to the Settlement Deed <sup>(5)</sup>	78,210,000
Number of New Ordinary Shares and New EBIOSS Shares (the Enlarged Share Capital) in issue on Admission	153,350,494
Percentage of the Enlarged Share Capital represented by New EBIOSS Shares on Admission	51 per cent.

### **Notes**

- (1) *The mid-market closing price on 9 January 2017 derived from the London Stock Exchange, being the last practicable Business Day prior to announcement of the Proposals.*
- (2) *Based on the market price per Existing Ordinary Share and the Share Capital Reorganisation only and assuming no other market movements*
- (3) *As at the close of business on 9 January 2017, being the last practicable Business Day prior to announcement of the Proposals*
- (4) *Anticipated amount outstanding at the time of conversion, which is assumed to be at close of business on the day of the EGM*
- (5) *Based on a GBP:€ exchange rate of 1.19 being the prevailing exchange rate during discussion of the Proposals.*

## DEFINITIONS

In this document and in the Form of Proxy the following expressions have the following meanings.

“2008 Deferred Shares”	99,117,952 deferred convertible A Ordinary Shares of €0.01 each in the Company having the rights set out in the Existing Articles
“2013 Deferred Shares”	22,370,042 deferred Ordinary Shares of €0.40 each in the Company having the rights set out in the Existing Articles
“2017 Deferred Shares”	75,140,494 deferred B Ordinary Shares of €0.099 each in the Company arising from the Share Capital Reorganisation and having the rights set out in the Amended Articles
“Act” or “Companies Act”	the Companies Act 2014 of Ireland
“Admission”	the admission of the New Ordinary Shares (following the Share Capital Reorganisation of the Existing Ordinary Shares) and the New EBIOS Shares to trading on AIM becoming effective in accordance with the AIM Rules, assuming the relevant Resolutions are passed
“AIM”	the AIM market of the London Stock Exchange
“AIM Rules”	the rules for AIM companies and their nominated advisers issued by the London Stock Exchange governing the admission to and the operation of AIM
“Alchemy Capital”	Alchemy Capital Limited, a company registered and incorporated in the British Virgin Islands with registered number 201546
“Altair”	Altair Group Investment Limited, a company registered and incorporated in the British Virgin Islands with registered number 1697665
“Amended Articles”	the articles of association of the Company as amended following the passing of Resolution 2(b) at the EGM to approve the Share Capital Reorganisation, further details on which are set out in paragraph 9 of Part 1 of this document
“Amendment and Restatement Deed”	the deed dated the 12 December 2016 amending and restating the EBIOS Loan Facility and increasing the amount to be advanced thereunder to €1,350,000
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors of the Company
“Business Day”	a day (other than Saturdays, Sundays, public holidays or bank holidays) on which banks are generally open for normal business in Ireland;
“Capita” or “Registrars”	Capita Asset Services, Shareholder solutions (Ireland), the Company’s registrars, who have their registered office at 2 Grand Canal Square Dublin 2, DO2 A342, Ireland
“Circular”	this document dated 10 January 2017, containing information about the Proposals, the Resolutions and the Notice of Extraordinary General Meeting
“Closing Price”	the closing middle market quotation of a share as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange
“Company”, “REACT” or “REACT Energy”	REACT Energy plc, a company incorporated in Ireland with registered number 462861
“Concert Party”	EcoFinance, Alchemy, Origen Capital LLP, Altair (including, Mr. Gabriel Quintero), Ms. Ruby Sayed, Mr. David Palumbo (including Origen Capital

Partners Limited), Mr. Thomas Quigley and Mr Richard Harrop

“Conversion Agreement”	the conditional agreement entered into on 9 January 2017 between the Company and EBIOSS Energy governing the debt-for-equity conversion of the NBL Debt into the New EBIOSS Shares
“Conversion Price”	5.53 pence per New EBIOSS Share
“CREST”	the computer based settlement system and procedures which enable title to securities to be evidenced and transferred without a written instrument and which is operated by Euroclear
“CREST Regulations”	the Companies Act, 1990 (Uncertificated Securities) Regulations 1996 (S.I. 68/1996) of Ireland (as amended)
“Directors”	the directors of the Company, whose names are set out on page 10
“EBIOSS Energy” or “EBIOSS”	EBIOSS Energy AD, a company incorporate in Bulgaria with registered office address of 49 Bulgaria Blvd, Floor 11-12, Sofia 1404, Bulgaria
“EBIOSS Group”	EBIOSS Energy and its subsidiary undertakings
“EBIOSS Loan Facility”	as announced by the Company on 8 January 2016, the €750,000 loan facility entered into between the Company and EBIOSS Energy, as amended by the Amendment and Restatement Deed, further details on which are disclosed in paragraph 2 of Part 1 of this document
“EcoFinance”	EcoFinance (GLI) Limited, a company incorporated in England with registered number 09451570
“Enlarged Share Capital”	the New Ordinary Shares and the New EBIOSS Shares
“EQTEC”	EQTEC Iberia SL, a subsidiary of EBIOSS Energy
“EQTEC Agreement”	the agreement entered into between NBL and EBIOSS Energy on 30 December 2015 to purchase the EQTEC Plant for the Group’s 4 MW biomass gasification project in Newry, Northern Ireland
“EQTEC Plant” or “EGT”	EQTEC Integrated Biomass Gasification Power Plant, which utilises EQTEC’s gasification technology
“EPC”	engineer, procure and construct
“Examinership”	a procedure or process under Irish Law which was introduced to provide a mechanism for the rescue and return to health of ailing, but potentially viable, companies. Examinership allows a company a period of protection from its creditors, within which time the company and the examiner endeavour to find parties to put together a survival plan usually entailing fresh investment and the writing down of creditors’ claims.
“Existing Articles”	the articles of association of the Company as at the date of this document
“Existing Ordinary Shares”	the 75,140,494 ordinary shares of €0.10 each in the capital of the Company in issue as at the date of this document (being the entire issued ordinary share capital of the Company)
“Existing Shareholders”	holders of the Existing Ordinary Shares
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company convened for 6 February 2017 to approve the Resolutions
“EU”	the European Union

“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales and the operator of CREST
“Farmers”	Farmers Business Developments plc
“Form of Proxy”	as included in this notice of EGM
“GBP”	the lawful currency of the United Kingdom
“Group” or “REACT Energy Group”	the Company and its subsidiary undertakings
“Independent Shareholders”	Shareholders, other than the Concert Party
“Ireland”	Ireland, excluding for the avoidance of doubt, Northern Ireland
“kW”	kilowatt
“Leva”	the currency of Bulgaria
“London Stock Exchange”	London Stock Exchange plc
“MW”	megawatt
“NBL”	Newry Biomass Limited, a 50.02% subsidiary of the Company
“NBL Debt”	the outstanding sum due by NBL to EBIOSS of €5,150,226 pursuant to the EQTEC Agreement, which is to be assigned to the Company pursuant the Settlement Deed
“New EBIOSS Shares”	the 78,210,000 New Ordinary Shares to be issued to EBIOSS Energy pursuant to the Conversion Agreement
“New Ordinary Shares”	immediately following completion and as a result of the Share Capital Reorganisation, the new ordinary shares of €0.001 each in the capital of the Company pursuant to the Share Capital Reorganisation
“Notice” or “Notice of EGM” or “Notice of Extraordinary General Meeting”	the accompanying notice of the extraordinary general meeting, as set out at the end of this document
“Proposals”	together, the Share Capital Reorganisation, the assignment of the NBL Debt due to EBIOSS Energy to REACT pursuant to the Settlement Deed, issue of the New EBIOSS Shares pursuant to the Conversion Agreement, the change of name and the Waiver
“Relationship Agreement”	the relationship agreement entered into between the Company, EBIOSS Energy and Strand Hanson on 9 January 2017, further details on which are set out in paragraph 6 of Part 1 of this document
“Resolutions”	the shareholder resolutions to be voted upon by Shareholders at the EGM
“Restricted Jurisdiction”	the United States, Australia, Canada, Japan, New Zealand and the Republic of South Africa and any other jurisdiction in which it would be unlawful to distribute the document and would be required to be approved by a regulatory body
“RO”	The Renewables Obligation, one of the main support mechanisms for large-scale renewable electricity projects in the UK
“ROC”	a Renewable Obligation Certificate, which is granted by Ofgem to energy generators for each MWh, under the current scheme, of qualifying renewable energy. ROC’s are tradable and are required by electricity suppliers to



	demonstrate to Ofgem that their individual obligations for supply of renewable energy, as a percentage of all electricity supplied, have been met
“Scheme of Arrangement” or “Scheme”	the Scheme of Arrangement for the Company and related companies approved by the High Court on 15 July 2015, which became effective on 24 July 2015
“Settlement Deed”	the conditional deed entered into on 9 January 2017 between the Company and EBIOSS Energy for the assignment to the Company of the amount due to EBIOSS Energy under the EQTEC Agreement
“Share Capital Reorganisation”	the process by which each of the 75,140,494 Existing Ordinary Shares will be divided into and reclassified as one New Ordinary Share of €0.001 and one 2017 Deferred Share of €0.099, further details on which are set out in paragraph 9 of Part 1 of this document
“Share Capital Reorganisation Record Date”	5:00 p.m. on 6 February 2017 (or such other time and date as the Directors may determine)
“Share Capital Reorganisation Resolution”	means Resolution 2(a)
“Shareholders”	holders of shares (of any class) in the capital of the Company
“Strand Hanson”	Strand Hanson Limited, the Company’s nominated adviser and broker, 26 Mount Row, London W1K 3SQ
“Takeover Rules” or the “Irish Takeover Rules”	the Irish Takeover Panel Act 1997, Takeover Rules 2013
“Takeover Panel”	the Irish Takeover Panel, established pursuant to the Irish Takeover Panel Act 1997
“TWh”	terawatt hour
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority” or “UKLA”	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
“Waiver”	the waiver of the requirements of Rule 9 of the Takeover Rules as described in further detail in paragraph 7 of Part 1 of this document that would otherwise arise on EBIOSS Energy to make a general offer to all the Shareholders pursuant to Rule 9 of the Takeover Rules as a result of the issue of New EBIOSS Shares
“Whitewash Resolution”	the resolution set out in the Notice to be proposed at the Extraordinary General Meeting for approval of the Waiver by the Independent Shareholders on a poll
“Warrants”	The existing outstanding warrants to purchase Existing Ordinary Shares, as detailed in Part 4 of this Circular
“Warrant holders”	holders of Warrants
“Warrant Purchase Agreement”	the conditional agreement between EBIOSS Energy and members of the Concert Party which grants EBIOSS Energy the option to purchase all outstanding Warrants issued to the Concert Party

**PART 1**  
**LETTER FROM THE CHAIRMAN OF REACT ENERGY PLC**  
*(Incorporated in Ireland under the Companies Act 2014 registered number 462861)*

**Directors**

Dermot O’Connell (*Non-Executive Chairman*)  
Gerry Madden (*CEO*)  
Brendan Halpin (*Executive Director*)

**Head and Registered Office**

Building 1000  
Citygate  
Mahon  
Cork  
Ireland

10 January 2017

*To Shareholders and, for information only, to the holders of Warrants.*

Dear Shareholder,

**Share Capital Reorganisation**  
**Assignment of the benefit of the NBL Debt due to EBIOS Energy AD to REACT Energy plc**  
**Debt-for-equity conversion of NBL Debt for 78,210,000 New Ordinary Shares**  
**Approval of the Whitewash Resolution under Rule 9 of the Irish Takeover Rules**  
**Change of Name to EQTEC PLC**  
**and**  
**Notice of Extraordinary General Meeting**

**1. Introduction**

On 10 January 2017, it was announced that the Company and EBIOS Energy entered into the Settlement Deed whereby, subject to, *inter alia*, Shareholder approval of the Resolutions, including the Whitewash Resolution (which is to be voted upon only by Independent Shareholders), the NBL Debt, amounting to €5,150,226 which is currently due to EBIOS Energy from NBL pursuant to the EQTEC Agreement entered into between NBL and EBIOS Energy, will be assigned to REACT such that REACT will become a debtor to EBIOS Energy and a creditor of NBL for an amount equal to the NBL Debt. The Company intends to settle the NBL Debt through the issue of the 78,210,000 New Ordinary Shares, being the New EBIOS Shares, pursuant to the Conversion Agreement.

Shareholders are being asked to vote on the Resolutions at the EGM to, *inter alia*, approve the Whitewash Resolution (which is to be voted upon only by Independent Shareholders), which is a condition of the Settlement Deed and the Conversion Agreement and therefore the issue of the New EBIOS Shares. The Company is also asking Shareholders to vote on a change of the Company’s name to EQTEC PLC.

As the Conversion Price, being 5.53 pence per New EBIOS Share is below the nominal value of the Existing Ordinary Shares (being €0.10 per Existing Ordinary Share), in order to permit the Company to issue the New EBIOS Shares in compliance with the Companies Act, the Company intends, subject to, *inter alia*, Shareholder approval, to undertake the Share Capital Reorganisation to enable the Proposals to proceed as, under the Companies Act, new ordinary shares must be issued at a price greater than their nominal value.

Under the Share Capital Reorganisation, each of the 75,140,494 Existing Ordinary Shares will be divided into and reclassified as one New Ordinary Share of €0.001 and one 2017 Deferred Share of €0.099. Each Shareholder’s proportionate interest in the Company’s issued ordinary share capital will, and thus the aggregate value of their holding should, remain unchanged as a result of the Share Capital Reorganisation alone. It will, however, be diluted by the issue of the New EBIOS Shares pursuant to the Conversion Agreement.

Approval of the Resolutions, including, *inter alia*, the Whitewash Resolution and therefore the ability to issue and allot the New EBIOS Shares is being sought at the EGM, convened for 11:30 a.m. on 6 February 2017.

Section 1111 of the Companies Act 2014 requires the directors of a company to convene an extraordinary general meeting of its shareholders where its net assets are half or less of its called-up share capital, as is the case with the Company. Accordingly, the EGM will also address the requirements of Section 1111.

The purpose of this document is to provide information on the background to the Company’s current position,

EBIOSS Energy and the Proposals and to explain why the Board recommends that Shareholders vote in favour of the Resolutions, including the Whitewash Resolution (which is to be voted upon only by Independent Shareholders), at the EGM, notice of which is set out at the end of this document.

## **2. Background to the relationship between the Company and EBIOSS Energy**

On 31 December 2015, the Company announced that NBL, a 50.02% subsidiary of the Company, which owns the Group's 4MW biomass gasification project in Newry, Northern Ireland, had entered into the EQTEC Agreement to purchase the EQTEC Plant to repower the Newry biomass plant. NBL is effectively a 50/50 joint venture with Farmers, the Company's current largest shareholder with an interest of 23.2% in the Existing Ordinary Shares.

Pursuant to the EQTEC Agreement, the consideration for the purchase of the EQTEC Plant was €4,963,993, and was to be fully payable in cash. It was also agreed that the equipment purchased would form part of an EPC contract to be signed between EQTEC (or a company designated by EQTEC) and NBL. EBIOSS have subsequently invoiced NBL €186,233 for shipping and delivery and other costs of the EQTEC Plant, bringing the total amount outstanding under the EQTEC Agreement to €5,150,226.

REACT has since granted EQTEC exclusivity to provide gasification technology, as part of the EPC contract, for its biomass gasification project pipeline in the UK.

On 8 January 2016, the Company announced that it had entered into the EBIOSS Loan Facility with the proceeds to be used by the Company for continued investment in the Newry biomass plant and the Company's portfolio of other biomass gasification projects in the UK. The key terms of the EBIOSS Loan Facility were as follows:

- quantum of €750,000, which could be drawn down in three equal monthly instalments of €250,000;
- interest rate of 8% per annum on outstanding capital balances, which would accrue and be repaid in full on repayment of the EBIOSS Loan Facility;
- drawdown of the EBIOSS Loan Facility to be subject to the agreement of the Company and EBIOSS Energy; and
- from 7 January 2017, EBIOSS Energy could, at any time, demand that the Company repays the drawn down proportion of the EBIOSS Loan Facility plus accrued interest. The Company could, at any time, elect to repay the EBIOSS Loan Facility plus accrued interest.

The first instalment of €250,000 was drawn down by the Company on 8 January 2016.

As announced on 16 March 2016, the terms of the EBIOSS Loan Facility were amended so that the proceeds from the second instalment of €250,000 (the "Second Tranche") could be applied for the working capital needs of the Company as well as for project development costs, at the sole discretion of the Company. Between then and 23 May 2016, the Company drew down the full €250,000 available under the Second Tranche.

As announced on 22 June 2016, the terms of the EBIOSS Loan Facility were amended again such that the remaining €250,000 available under the facility (the "Third Tranche") could also be utilised by the Company for working capital purposes as well as to fund project development costs. Accordingly, the Company announced that it had drawn down €75,000 of the Third Tranche for working capital needs, with €175,000 available to be used by the Company for project development costs.

On 12 December 2016, it was announced that the remaining balance of the EBIOSS Loan Facility had been drawn down to be used for the working capital needs of the Company, such that the balance outstanding stood at €750,000. It was also announced that the terms of the EBIOSS Loan Facility had been amended by the Amendment and Restatement Deed between the parties such that the amount of the EBIOSS Loan Facility was increased by €600,000 to €1,350,000, with the increased amount to be used for the working capital needs of the Company, and the repayment date of for the facility was extended to 7 January 2018. All other terms of the EBIOSS Loan Facility remain the same.

## **3. The Settlement Deed, the Conversion Agreement and the Warrant Purchase Agreement**

## ***Background to the Proposals***

Whilst the Company continues to execute on its strategy, general market conditions continue to impact investment sentiment. As a result of this ongoing uncertainty, and to ensure that the Company continues to have in place the necessary resources to meet this dynamic business environment, the Board continuously reviews the Company's strategy, cost base and financing structures to ensure it is well positioned and appropriately capitalised to take advantage of opportunities that are available to it.

Due in part to the delay in finding funding partners to finance the repowering of Newry, the Group's current cash resources are not sufficient to make the payments due to EBIOSS Energy under the EQTEC Agreement, being the NBL Debt. With this background, the Company has concluded discussions with EBIOSS Energy, such that as a result of assigning the NBL Debt due to EBIOSS Energy from NBL (pursuant to the EQTEC Agreement) to REACT, EBIOSS Energy will be issued such number of New Ordinary Shares so that it has a shareholding of 51 per cent. of the Enlarged Share Capital, thus taking previous commercial transactions and general cooperation between the companies a significant step further.

In order to facilitate this, the Company has entered into the Settlement Deed and the Conversion Agreement to fully convert the debt balances outstanding under the EQTEC Agreement (which amount to €5,150,226) into New Ordinary Shares (known as the New EBIOSS Shares) and thereby extinguish all amounts due to EBIOSS Energy under the EQTEC Agreement. The Company has also earlier entered into the Amendment and Restatement Agreement with EBIOSS Energy as set out in paragraph 2 above to provide additional working capital to the Group, which is expected to be sufficient for the next six months for the Group to undertake the necessary activities to repower NBL and advance its other projects. Pursuant to the Settlement Deed, the Company will become a creditor of NBL, and it is currently intended that the Company will be repaid in full on the funding of the Newry Biomass plant.

EBIOSS Energy is an industrial engineering group and is involved in the engineering, construction, project development and operation of waste-to-synthesis gas plants. It operates internationally in the design and construction of waste gasification power plants with power capacity from 500kW to 10MW. EBIOSS is a provider of a proprietary technology, the EQTEC Gasifier Technology (known as EQTEC Plant or EGT), by which different types of waste are transformed into synthesis gas. This technology on waste gasification has made possible the design construction and/or operation of waste gasification plants in Spain, France, Germany, India, Italy and Bulgaria among other countries, for third party international energy groups and for use by EBIOSS Energy itself. EBIOSS Energy is quoted on MAB, the alternative market of the Spanish Stock Exchange.

Having taken into account current general market conditions regarding investment sentiment and the Company's view on the renewable energy and energy from waste markets as set out in paragraph 4 below, the Board believes that in order to avail of the opportunities presenting themselves, particularly in the energy from waste market in the UK, a strategic partnership with a larger group such as EBIOSS Energy with its own proprietary technology is the best path forward. The Board believes that the existing collaboration between the parties and the existing cooperation in relation to project pipeline in the UK, means that it makes strategic sense to have EBIOSS Energy as the majority shareholder in REACT, both financially and operationally, in the medium to long term rather than a one-off financing partner at project or corporate level.

## ***Settlement Deed***

To facilitate the debt-for-equity conversion of the amounts due under the EQTEC Agreement, subject to, *inter alia*, Shareholder approval of the Resolutions, including the Whitewash Resolution (which is to be voted upon only by Independent Shareholders) being granted, REACT has agreed, pursuant to the Settlement Deed for the NBL Debt to be assigned to it such that REACT will become a debtor to EBIOSS Energy and a creditor of NBL for an amount equal to the NBL Debt.

The intention of NBL and REACT is that on the completion of the closing of the financing for the repowering of the Newry biomass plant, NBL will pay an amount equal to the NBL Debt to REACT. As further detailed in paragraph 4 below, the Company announced on 11 October 2016 that it had signed conditional heads of agreement with several parties to potentially fund, through a combination of equity and debt, the repowering of the Newry biomass plant. The balance of funding required to repower the Newry biomass plant is estimated to be approximately £11.2 million, which includes repayment of the amount owed to REACT by NBL pursuant to the Settlement Deed.

As at the date of this document, these parties continue their legal, financial and technical due diligence on

the project and it is hoped that a further announcement will be made early in 2017 in this regard, setting out a timeline to completion of the repowering of the Newry biomass plant.

NBL applied and received confirmation from Ofgem that they have granted an extension to 31 March 2018 for the ROCs registration of the Newry biomass plant, at which point the plant will need to have been repowered and commissioned. The Company is confident that the plant will be able to again export electricity to the grid by the revised deadline agreed with Ofgem.

There can, however, be no guarantee that definitive agreements will be concluded on the terms currently envisaged, or at all, with these parties in which case the Company, in partnership with EBIOSS Energy and its subsidiary EQTEC, would seek to combine their resources to commission the project to a basic level to ensure that the ROCs are registered for the plant by 31 March 2018. In this scenario, the plant having been commissioned to basic standards would be refinanced with third party funders and completed in full. This refinancing would be expected to include repayment of the amount owed to REACT by NBL pursuant to the Settlement Deed. However, there can be no guarantee that the parties will be able to commission the project to a basic level and / or subsequently refinance the project to raise sufficient capital in order to repay the monies owing to REACT by NBL (or at all), which in turn would be part used to repay the outstanding loans due to EcoFinance and Altair amounting to €3,792,285 (face value as at 30 June 2016) which are secured over, *inter alia*, NBL.

### ***Conversion Agreement***

The Company and EBIOSS Energy have agreed to undertake a debt-for-equity conversion of amounts owing to EBIOSS Energy under the EQTEC Agreement by NBL (to be assigned to the Company pursuant to the Settlement Deed). The terms of such conversion are governed by the Conversion Agreement.

The Conversion Agreement is conditional on, *inter alia*, Shareholder approval of the Resolutions, including the Whitewash Resolution (which is to be voted upon only by Independent Shareholders).

Pursuant to the Conversion Agreement, 78,210,000 New Ordinary Shares (the New EBIOSS Shares) will be issued to EBIOSS Energy in complete and final settlement of the amount owing under the NBL Debt (which was assigned to the Company pursuant to the Settlement Deed) to EBIOSS Energy.

The Conversion Price has been agreed between the Company and EBIOSS Energy at 5.53 pence per New Ordinary Share to be issued and represents a premium of 47.5 per cent. to the closing mid-market price of an Existing Ordinary Share on 9 January 2017, being the last day prior to the announcement of the Proposals.

### ***Warrant Purchase Agreement***

EBIOSS has also disclosed to the Company that it has entered into the Warrant Purchase Agreement with members of the Concert Party, whereby it has received a conditional option to purchase all outstanding Warrants issued to the Concert Party. The Warrant Purchase Agreement is conditional on the approval of all of the Resolutions being proposed at the EGM. The option, pursuant to the Warrant Purchase Agreement, will expire on 31 December 2017 and is to purchase all of the Warrants, being 38,450,000 Warrants, for a price of €100,000. Further details on the Warrant Purchase Agreement are set out in paragraph 7 of this Part 1.

### ***Admission to Trading***

Admission to trading of the New Ordinary Shares (following the Share Capital Reorganisation of the Existing Ordinary Shares) and the New EBIOSS Shares is expected to occur on 7 February 2017, assuming the Resolutions are passed. Following Admission, the Company will have 153,350,494 New Ordinary Shares in issue. The Company holds no shares in treasury. Shareholders should use the figure of 153,350,494 as the denominator for the calculations by which they will determine if they are required to notify their interest in or change to their interest in the Company, under the FCA's Disclosure and Transparency Rules.

Following Admission, EBIOSS Energy will hold New Ordinary Shares carrying voting rights over 51 per cent. of the Enlarged Share Capital, as well as the option, pursuant to the Warrant Purchase Agreement, over 38,450,000 Warrants. Farmers Business Developments plc, the Company's current 23.2 per cent. shareholder, will hold New Ordinary Shares carrying voting rights over 11.3 per cent. of the Enlarged Share Capital following Admission.

## **4. Market and Portfolio Overview and Future Strategy**

The Company is a clean energy project developer and operator. The Company seeks to take projects from “Greenfield” (greenfield land) to “Shovel Ready” stage (projects where planning and development is advanced enough that, subject to sufficient funding, construction can begin within a very short time frame) with turnkey construction contracts and financial packages in place. Debt and equity partners are then sought to fund the construction phase in return for a share of the project equity.

The Company develops and builds projects currently using wood and waste wood as the sustainable fuel source. The core focus has been on converting biomass or wood into clean electricity and heat. This was based primarily on the technology available to convert the fuel into power and the level of government subsidies available specifically for biomass fuel and the relevant conversion technology.

In reporting its interim results for the six months to 31 December 2015, the Company stated that the political and regulatory environment within the UK continued to be challenging, with a lack of direction and continued changes to the long-term support mechanisms available for renewable energy projects developed under the Electricity Market Review (EMR), with the introduction of Contracts for Difference (CfD) in place of the Renewables Obligation (RO) regime. As part of its ongoing cooperation and collaboration with EBIOS Energy, the Company has reviewed its strategy for developing and operating clean energy power plants in the UK.

### **Overview of the UK Renewable Energy Market**

The UK developed its renewable energy sector based on the Renewables Obligation (RO), a quota scheme, that led to the only publicly subsidised electricity investments in the UK after the 1989 privatisation era. In 2010, the UK government also introduced the Feed in Tariff (FIT) scheme for supporting small scale low-carbon installations up to a maximum capacity of 5MW.

Post 2014, the UK’s electricity sector is now governed by the Electricity Market Reform (EMR). Based on the EMR, all electricity investments are publicly subsidised with the fossil-fuel sectors receiving subsidies by way of the capacity market and the renewable energy sector by way of the CfDs scheme. Having announced the closing of the RO Scheme, the last projects, under the RO Scheme which needed confirmation of a “grace period” from Ofgem, must be completed before 31 March 2018. The UK Government published, in November 2016, a draft of the Budget Notice ahead of the CfD allocation round opening in April 2017. This set an overall budget for total support payments for projects delivered in the two years from the middle of 2021 to 2023 and also set out strike prices for the various less well established technologies including advanced conversion technologies, such as advanced gasification.

### **Overview of the UK Energy from Waste Market**

The UK has, over the past 10 years, seen a transformation in its management of household waste. This has been most marked within local authorities as they make the transition from landfill to recycling / composting and energy recovery. The waste market is now moving towards what is termed ‘merchant’ projects. These are projects which utilise private, specialist fuel supply such as refuse derived fuel (RDF), municipal solid waste (MSW), commercial and industrial waste and waste wood. RDF or solid recovered fuel / specified recovered fuel (SRF) is a fuel produced by shredding and dehydrating municipal solid waste (MSW) with a waste converter technology. In addition, these merchant projects tend to utilise new advanced conversion technologies and include specialist sub sectors, like advanced gasification.

Advanced gasification is a process that converts organic or fossil based carbonaceous materials at elevated temperatures with controlled amounts of oxygen into carbon monoxide, hydrogen, carbon dioxide and methane into a gas, which is ultimately used for power generation. It is a well-known technology, and its advanced use with mixed waste feedstock is continually developing. By its nature “energy from waste” bridges two sectors both of which are evolving. It has its roots firmly in waste management but is becoming of increasing importance to energy generation.

Waste management is changing to be much less about how society gets rid of things it no longer wants and more about managing discarded resources back into the economy. Likewise, energy generation is evolving to make best use of renewables, novel fuels and different energy outputs always with an eye to energy security. The need to meet 2020 landfill diversion targets for biodegradable waste has been a major driver for waste policy and infrastructure development in the UK over the last 10 years. The landfill tax is a key

instrument to meeting the target along with other policies and initiatives. There are wider societal and environmental benefits associated with energy generation and use that will drive energy policy and impact on energy from waste. Energy from waste in particular has the potential to deliver low carbon energy in a cost-effective way and as a non-intermittent source, helps provide energy security.

The term 'energy from waste' (commonly abbreviated to EfW) covers a range of different processes and technologies and describes a number of treatment processes and technologies used to generate a usable form of energy and which also reduce the solid volume of residual waste. This energy can be in the form of electricity, heating and/or cooling or a combination of these forms. Conversion treatments are processes which convert residual waste or RDF/SRF into a more useable form of energy such as heat or electricity. These processes include gasification such as the EGT.

By choosing the right location, the right technology and the right processing, energy from waste can help to deliver much needed long-term affordable, low carbon and secure energy.

The EGT can operate economically over a wider range of scales and is therefore potentially more flexible and has the potential to generate much greater efficiencies through a range of outputs.

The UK faces a potential energy gap, with the margin of supply over demand expected to diminish to very-thin levels from 2015 onwards. The scheduled closure of old nuclear facilities has not been matched by the construction of replacement new-build nuclear sites and/or other power station facilities.

Local Authority managed waste going for combustion with energy recovery rose 13 per cent. to 5.5 million tonnes in 2012/13 and has more than doubled in the last 10 years. A 2010 survey found only 2 per cent. of commercial and industrial waste was combusted with energy recovery in England. In 2012, 24 EfW plants operating in England were treating almost 4 million tonnes of residual MSW and SRF. In 2010, the combustion of the biodegradable component of MSW provided 6.2 per cent. of the UK's total renewable electricity generation and 4.7 per cent. of total combined renewable heat and electricity generation. Waste derived renewable electricity from thermal combustion in England is forecast to grow from the current 1.2TWh to between 3.1TWh and 3.6TWh by 2020.

## **Current project portfolio**

### ***Newry***

As noted above, NBL entered into an agreement with EBIOSS Energy to purchase its EGT, with a power output of 4MW, which NBL will use in the repowering of the Newry biomass plant with wood as the fuel. The equipment has been delivered and is currently on site in Newry.

The Company is confident that the plant will be able to again export electricity to the grid by the revised deadline of 31 March 2018 agreed with Ofgem.

### ***Enfield, London***

The Enfield Biomass project is a 12MW biomass gasification project located in Enfield, London. The project has secured full planning and permitting approval and is ready to construct. The Company obtained an updated planning permission for converting 60,000 tonnes per annum of Grade C wood waste in January 2014. An environmental permit was received April 2012.

As part of the Examinership process, the Company ceased to pursue the legal action, which was announced on the 3 June 2015, in relation to the Enfield Biomass Limited property lease agreement and has agreed to the revocation of the existing lease on that site. The site has currently been put up for sale by the existing landlord. The Company intends to open discussions with a new owner in relation to the future of this site and further updates will be made as and when appropriate.

### ***Clay Cross***

On 12 April 2016, the Company announced that the Regulatory Planning Committee of Derbyshire County Council (the "Committee") voted in favour to approve the construction and operation of an energy recovery facility at Clay Cross facility in Derbyshire (the "Clay Cross Facility") by Clay Cross Biomass Limited ("Clay Cross Biomass"), a company in which REACT has a 90% interest, subject to finalising an agreement under Section 106 of the Town and Country Planning Act 1990 pursuant to the conditions set out in the report to the Committee.

Clay Cross Biomass anticipates utilising the EGT, the same technology that the Company is installing at Newry Biomass, to power the plant as part of the EPC contract for the construction of the Clay Cross Facility. Once commissioned, the Clay Cross Facility is expected to convert approximately 80,000 tonnes per annum of construction and demolition (C&D) waste wood, which is currently sent to landfill, to generate up to 12MW of electrical energy, sufficient to provide electricity for over 18,000 homes, and up to 14MW of thermal energy per annum.

The Company is currently in preliminary discussions to secure finance for the construction of the Clay Cross Facility and estimates that it will take approximately 18 months from obtaining finance to the final commissioning of the plant. The expected cost to develop the Clay Cross Facility is approximately £50 million.

### ***Biomass Heat***

The Company owns 30% of a special purpose vehicle (“SPV”) set up with Equitix ESI Finance Limited (“Equitix”) and receives development and on-going management fees from it. The SPV currently operates three biomass heat projects in the UK.

Renewable Heat Incentive (RHI) is the primary incentive scheme in operation for these projects. The digression in RHI tariffs for boilers below 200kW range is impeding progress on projects within the pipeline and represents a continuing challenge to completion of project financing.

### ***Wind Electricity Generation***

In Ireland, the Company is currently operating a cash generating 800kW Enercon wind turbine in Pluckanes, County Cork. This plant was financed by company equity and bank debt provided by AIB Bank plc and has a 15-year Power Purchase Agreement with Viridian Energy Limited.

The Company is advancing the project pipeline with the intention to finance a number of small-scale projects together via company equity and bank financing, thereby creating a small-scale wind portfolio. The return on capital employed for each project will be assessed to ensure an adequate return. The Company is also working on creating a master supply agreement with a turbine manufacturer arising from wind measurement and site analysis.

### **Future strategy**

The overall business strategy of the Group is to focus on taking advantage of the significant opportunities in the EfW market, including RDF, MSW and wood, in the UK. In order to achieve this REACT and EBIOSS Energy have entered into mutually beneficial business arrangements over the last year with the objective of working closer together to avail of opportunities initially in the UK EfW market, which has focused on the design of a business model which aims to develop independent power plant projects (also known as merchant projects or IPP projects) based on the use of MSW in the UK.

The combined resources of REACT and EBIOSS Energy have significant experience in the sector and possess significant knowledge of energy markets, clean technologies, fuel sources, project development, project finance and project delivery. REACT intends to deploy the EGT in the UK in order to implement its business strategy. The EGT is currently capable of gasifying urban solid waste through the use of pre-treatment and pelletisation, which involves a process of compressing or moulding the waste into the shape of a pellet and wood.

In order to seek to take advantage of these opportunities, REACT will seek to:

- use EGT to implement a business model based on the development of IPP projects using RDF in the UK. A pipeline of such projects is already at advanced stages of discussions and negotiation with both REACT and EBIOSS Energy;
- complete the repowering of Newry as one of the last remaining RO projects in the UK; and
- review options in relation to CfD auctions in the coming year in relation to non-qualifying RO plants.

## **5. Information on EBIOSS Energy**



EBOSS Energy was incorporated in 2011 and is headquartered in Sofia, Bulgaria. EBOSS Energy is the holding company of the EBOSS Energy group companies, which specialise in waste to energy projects and waste management solutions. EBOSS Energy was admitted to trading on the Mercado Alternativo Bursátil (“MAB”) market of the Bolsas y Mercados Españoles (“BME”) on 5 July 2013.

The principal activities of EBOSS Energy are:

- (i) **Engineer Procure and Construct (“EPC”) & Operation and Maintenance (“O&M”) Services:** engineering, construction and development of gasification power plants that are either sold to third parties or are retained for direct operation by EBOSS Energy. Such activity is carried out by the Spanish subsidiary of EBOSS Energy, EQTEC, and is based on its proprietary patented technology, the EQTEC Plant. Further information on EQTEC is disclosed below.
- (ii) **Waste Recovery:** carrying-out certain “upstream” ancillary and incidental activities to the above EPC and O&M Services, including the management, supply, storage and pelletisation of combustible materials for use in gasification power plants. Pellets are produced in factories located in Bulgaria and are sold both domestically and internationally.

EBOSS Energy has been operating a major contract with the largest straw providers in Bulgaria to produce pellets and is currently working to secure additional contracts in other regions of Europe for different types of fuels with the intention of becoming a competitive provider of pellets to the wider European market.

- (iii) **Advanced Waste Management Solutions:** This activity is carried out by EBOSS Energy’s Portuguese subsidiary, TNL SGPS (“TNL”). TNL is a technology and innovation company with a presence in different countries and a strong market presence in Europe that has been built up over the last 10 years. Its main focus is on developing solutions for the efficient management of waste containers in urban areas.

TNL was acquired in 2014 by EBOSS Energy in order to provide EBOSS Energy with access to the first stage of the municipal solid waste value cycle. Waste collection is a strategic part of the valorisation cycle and ensures a supply of the necessary fuel for the EBOSS Energy power plants.

### ***EQTEC and the EQTEC Plant***

In late 2012, EBOSS Energy acquired Spanish registered company, EQTEC - an engineering company specialising in the design, construction, operation and maintenance of cogeneration plants and electricity power, gasification power plants and renewable energy. EQTEC has developed the EQTEC Plant which REACT intends to install in its Newry biomass plant, subject to completion of the Proposals.

EQTEC has implemented over 60 power plant projects involving electricity and/or heat generation, with capacities ranging from 60kW to 10 MW. EQTEC has developed and is currently involved with projects in the UK, Spain, Portugal, India, France, Germany, Italy and Bulgaria.

EBOSS Energy and the Company believe that the notable advantages of the EQTEC Plant include:

- higher electric performance than alternative technologies;
- higher global energy efficiency; and
- permits modular generation and multi-fuel gasification plant.

Please see Part 3 of this document for further information on EBOSS Energy, in particular its shareholding structure.

## **6. The Relationship Agreement and wider intentions of EBOSS Energy**

As a result of the issue of the New EBOSS Shares, EBOSS Energy will control shares carrying voting rights over 51 per cent. of the Enlarged Share Capital on Admission. Accordingly, the Relationship Agreement has been put in place between the Company, EBOSS Energy and Strand Hanson to provide certain safeguards to, *inter alia*, ensure the Group is capable of carrying on its business independently of EBOSS Energy and that the Directors act in the best interests of all Shareholders such that policy or

decisions are not focused on the interests or wishes of EBIOSS Energy at the expense of the other Shareholders.

The Relationship Agreement provides that EBIOSS Energy has the right to the following director appointments to the Board:

- such number of directors so that EBIOSS Energy appointees represent the majority of the Board, for so long as its holding remains greater than 50 per cent. of the issued share capital of REACT from time to time;
- two directors, for so long as its holding is between 35 and 50 per cent. of the issued share capital of REACT from time to time, one of whom may be the CEO of the Company; and
- one director, for so long as its holding is between 20 and 35 per cent. of the issued share capital of REACT from time to time.

All director appointments are subject to the satisfactory completion of the nominated adviser's due diligence and its satisfaction that the enlarged board structure post appointment(s) is appropriate for a company admitted to trading on AIM.

The provisions of the Relationship Agreement will remain in force for so long as EBIOSS Energy holds at least 20 per cent. of the issued share capital of the Company from time to time and the ordinary share capital of the Company remains admitted to trading to AIM.

EBIOSS Energy has confirmed to the Company that it is not proposing to seek a change in the general nature of the Company's business.

EBIOSS Energy has also confirmed that it has no intention to make any changes regarding the future of the Company's business (other than generally in accordance with the Company stated business strategy above), the locations of the Company's places of business or the continued employment of its employees and management (and those of its subsidiaries) nor does EBIOSS Energy intend that there should be any redemption of the fixed assets of the Company. Following the exercise of its right to nominate directors to the Board pursuant to the Relationship Agreement, EBIOSS Energy intends to consult with the Company's nominated adviser and other advisers as it deems necessary regarding the general composition, terms and conditions of the members of the Board for a company of the size, stage of development and operations of the Group at the relevant time. The current CEO of the Company, Gerry Madden, will remain as an executive director.

EBIOSS Energy intends that the Company should remain quoted on AIM and may only vote their shareholding in favour of a cancellation from admission to trading on AIM if the independent directors of REACT (i.e. those directors that have not been nominated by EBIOSS Energy as their representative(s)) recommend such cancellation or if it is in connection with (a) an offer for the entire issued share capital of the Company made by a person other than EBIOSS Energy or its associates; or (b) the New Ordinary Shares are already or will be admitted to trading on an EU regulated market.

As stated above, the Company has a number of projects at various stages of development, and the Directors believe that the development of these projects can be best progressed by funding and technology provided by EBIOSS Energy. The Directors believe that the investment by EBIOSS Energy to be a confirmation of its belief in both the opportunities in the renewable energy sector and also in the prospects for the Company generally.

The intention is that REACT as a 51 per cent. subsidiary of EBIOSS will also act as an investment vehicle for the EBIOSS Group with the objective of investing in RDF gasification projects mainly in UK but also other countries worldwide.

REACT will benefit from having opportunities to access to a pipeline of gasification projects in UK that have undergone a detailed process of due diligence and project structuring by the engineers and project developers within the EBIOSS Group. The current EBIOSS Energy project pipeline includes more than £330 million worth of potential projects in the UK alone and this pipeline is constantly being reviewed and added to by the EBIOSS team.

REACT will be able to offer international visibility to the EBIOSS Group and specifically the EGT and act as a vehicle to access the financial markets in order to raise capital for investing with co-developers in appointed UK projects. In this regard, EBIOSS Energy is already in discussions with one Chinese based

firm, Energy China, about becoming a co-developer of UK projects with the EBIOSS Group, which on completion of the Proposals is intended to include REACT.

EBIOSS Energy has confirmed that, subject to the completion of the Conversion Agreement, it intends (but has no legal obligation) to consider and use all reasonable efforts to provide opportunities for the Company to participate in gasification projects which EBIOSS Energy or its associates may wish to advance in the United Kingdom. However, there is no legal obligation for EBIOSS Energy to provide such opportunities to the Company and as a result, EBIOSS Energy may develop gasification projects in the UK independently of the Company.

## 7. Dispensation from Rule 9 of the Takeover Rules

### *Dispensation*

The Proposals give rise to certain considerations under the Takeover Rules. Brief details of the Takeover Panel, the Takeover Rules and the protections they afford are described below.

Under Rule 9 of the Takeover Rules, where any person acquires, whether by a series of transactions over a period of time or not, a holding in shares which (taken together with shares already held by that person or by persons acting in concert with him or her) carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Rules, such as REACT, that person is normally required to make a general offer to all the holders of any class of equity share capital or other class of transferable securities carrying voting rights in that company to acquire their shares in the company.

Under the Takeover Rules, when the issue of new securities in consideration for an acquisition or a cash subscription would otherwise result in a person acquiring an obligation to make a general offer under Rule 9 of the Takeover Rules, the Takeover Panel will normally grant a waiver of that obligation if, *inter alia*, the Independent Shareholders pass an ordinary resolution (the Whitewash Resolution) on a poll at a general meeting approving the increase is that persons shareholding without them becoming obliged to make a general offer pursuant to Rule 9 of the Takeover Rules.

On completion of the Proposals, REACT will allot and issue 78,210,000 New Ordinary Shares to EBIOSS Energy, equal to 51 per cent. of the Enlarged Share Capital. As a result, EBIOSS Energy will hold in excess of 30 per cent. of the voting rights in REACT and would ordinarily be obliged to make a cash offer pursuant to Rule 9 of the Takeover Rules for the remaining issued shares of REACT, which EBIOSS Energy does not already own. Therefore, REACT and EBIOSS Energy have sought a Rule 9 Waiver from the Takeover Panel. The Takeover Panel has agreed to grant such a Rule 9 Waiver, subject to, *inter alia*, the passing of the Whitewash Resolution by the Independent Shareholders.

EBIOSS Energy currently has no shareholding in the Company and no rights over Existing Ordinary Shares. EBIOSS Energy has confirmed it will not purchase any Existing Ordinary Shares or rights over Existing Ordinary Shares in between the date of this Circular and the EGM.

EBIOSS Energy has also disclosed to the Company that it entered into the Warrant Purchase Agreement with members of the Concert Party, whereby it has received a conditional option to purchase all outstanding Warrants issued to the Concert Party. The Warrant Purchase Agreement is conditional on the approval of all of the Resolutions being proposed at the EGM. The option, pursuant to the Warrant Purchase Agreement, will expire on 31 December 2017 and is to purchase all of the Warrants, being 38,450,000 Warrants, for a price of €100,000.

It is EBIOSS Energy's intention that, in the event it exercises the option to acquire the Warrants as set out under the Warrant Purchase Agreement, it would only ever exercise such number of Warrants to maintain its holding in REACT at 51 per cent. in the event it was to be diluted by way of an issue of New Ordinary Shares in the future. EBIOSS Energy does not intend to exercise the Warrants to increase its interest in REACT above 51 per cent. and any exercise would be in accordance with the Takeover Rules. In the event that EBIOSS Energy did exercise all of the Warrants and, assuming no further other increases in the share capital of REACT, EBIOSS Energy would be interested in 60.8 per cent. of the then enlarged share capital of REACT.

As a result of entering into this agreement, EBIOSS Energy and the Concert Party are deemed under the Takeover Rules to be acting in concert (the "**Enlarged Concert Party**"). The Enlarged Concert Party, on Admission, will have a holding of, in aggregate, 55.7 per cent. of the Enlarged Share Capital. In the event

that EBIOSS Energy did exercise all of the Warrants, and assuming no further other increases in the share capital of REACT, the Enlarged Concert Party would be interested in 64.6 per cent. of the then enlarged share capital of REACT. In the event that the Concert Party exercised all of the Warrants and its other conversion rights (see paragraph 8 below), and assuming no further other increases in the share capital of REACT, the Enlarged Concert Party would be interested in 66.3 per cent. of the then enlarged share capital of REACT.

The Waiver is conditional on:

- (i) the passing of the Whitewash Resolution by Independent Shareholders at the EGM. Voting on the Whitewash Resolution will be put to a poll, as required by the Takeover Rules; and
- (ii) the approval by the Panel of a circular to Shareholders in accordance with the whitewash guidance note of Rule 9 in the Takeover Rules. This Circular has been so approved in this respect only.

The Whitewash Resolution is subject to the approval of a simple majority of the Independent Shareholders on a poll and each Independent Shareholder will be entitled to one vote for each Existing Ordinary Share held.

**Assuming the Resolutions are passed, as noted above, upon Admission, EBIOSS Energy will control the voting rights of New Ordinary Shares representing more than 50 per cent. of the Enlarged Share Capital. Accordingly, following Admission and for so long as EBIOSS Energy holds New Ordinary Shares carrying more than 50 per cent. of the Company's voting share capital (for the purposes of the Takeover Rules), it may increase its holding of New Ordinary Shares in the Company without incurring an obligation under Rule 9 to make a general offer for the Company.**

**EBIOSS Energy will therefore be able, subject to the provisions of the Relationship Agreement, to block a special resolution of the Company and be able to pass or defeat an ordinary resolution of the Company. Further, assuming all Shareholders vote, EBIOSS Energy would require Shareholders with shares carrying voting rights of, in aggregate, 24 per cent. of the Enlarged Share Capital to vote with them to be able to pass a special resolution of the Company, such as approving the cancellation of the Company's admission to trading on AIM.**

**Shareholders should be aware that in the event the holding of EBIOSS Energy is diluted below 50 per cent. of the issued share capital of REACT from time to time but remains above 30 per cent., it will not be able to acquire further New Ordinary Shares (including through the exercise of the Warrants referred to above) without acquiring an obligation to make a general offer under Rule 9 of the Takeover Rules unless a further waiver from Rule 9 of the Takeover Rules is granted.**

**Shareholders should also be aware that in the event the holding of the Enlarged Concert Party is diluted below 50 per cent. of the issued share capital of REACT from time to time but remains above 30 per cent., neither EBIOSS Energy nor the Concert Party will be able to acquire New Ordinary Shares in REACT without acquiring an obligation to make a general offer under Rule 9 of the Takeover Rules unless a waiver from Rule 9 of the Takeover Rules is granted.**

### ***Reverse takeover transaction***

If approved, the Proposals will result in an increase by more than 100 per cent. of the Company's existing issued share capital that confers voting rights and therefore the transaction is classified by the Takeover Panel as a "reverse takeover transaction". Pursuant to Rule 3.2 of the Takeover Code, the Board is therefore required to obtain competent independent advice that the entering into the reverse takeover transaction is in the interests of its Shareholders.

**Your attention is drawn to paragraph 15 of this Part 1 which provides a recommendation from the Directors in relation to the Waiver/Whitewash Resolution and the reverse takeover transaction.**

## **8. The Concert Party**

The Concert Party includes each of EcoFinance, Alchemy, Origen Capital LLP, Altair (including, Mr. Gabriel Quintero), Ms. Ruby Sayed, Mr. David Palumbo (including Origen Capital Partners Limited), Mr.

Thomas Quigley and Mr Richard Harrop.

On 24 July 2015, as part of the scheme of arrangement completed by the Company, Origen Capital Partners Limited, a member of the Concert Party and which is wholly-owned by David Palumbo, was issued with 204,545 Existing Ordinary Shares as a creditor of the Company. On 21 October 2015, the Company announced that the Concert Party had been issued a further 7,000,000 Existing Ordinary Shares. As such, the Concert Party currently holds 7,204,545 Existing Ordinary Shares representing 9.6 per cent. of the Existing Ordinary Shares. Assuming the Resolutions are passed, the Concert Party will hold 7,204,545 New Ordinary Shares, which will represent 4.7 per cent. of the Enlarged Share Capital.

As a result of a combination of Warrants and conversion rights, and in the event EBIOSS Energy does not exercise its conditional option to purchase all of the outstanding Warrants held by Concert Party, the Concert Party could potentially hold up to 55,713,369 New Ordinary Shares, representing 27.6 per cent. of the then enlarged share capital, as enlarged by the issue of New EBIOSS Shares and the issue of the maximum number of New Ordinary Shares to the Concert Party.

Further details on the members of the Concert Party and shareholdings are set out in the Company's circular dated 22 September 2015 that was sent to Shareholders and is available on the Company's website.

## **9. Share Capital Reorganisation**

The Directors are seeking Shareholder authority to implement the Share Capital Reorganisation to create a differential between the nominal value of the ordinary shares in the capital of the Company and their market price to facilitate the issue of the New EBIOSS Shares.

To give effect to the Share Capital Reorganisation, the Articles of Association will need to be amended to make changes to allow the creation of the 2017 Deferred Shares. These amendments will also require Shareholder approval at the EGM.

### ***Mechanics of the Share Capital Reorganisation***

As at 9 January 2017, being the latest practicable date prior to the publication of this document, the total issued share capital of the Company was €7,514,049.4 divided into 75,140,494 Existing Ordinary Shares.

It is proposed that in relation to the Company's share capital, to effect the Share Capital Reorganisation, that each of the 75,140,494 Existing Ordinary Shares will be divided into and reclassified as one New Ordinary Share of €0.001 each and one 2017 Deferred Share of €0.099 each.

As a consequence of, and immediately following, the Share Capital Reorganisation becoming effective each Shareholder's holding of New Ordinary Shares will remain the same as the number of Existing Ordinary Shares held by them on the Share Capital Reorganisation Record Date. Each Shareholder's proportionate interest in the Company's issued ordinary share capital will, and thus the aggregate value of their holding should, remain unchanged as a result of the Share Capital Reorganisation alone. It will, however, be diluted accordingly by the issue of the New EBIOSS Shares.

The New Ordinary Shares (and the New EBIOSS Shares) will continue to carry the same rights as attached to the Existing Ordinary Shares. The 2017 Deferred Shares will carry the rights as set out in the Amended Articles and as summarised below.

The last day of trading on AIM in the Existing Ordinary Shares is expected to be 6 February 2017.

If approved, following the Share Capital Reorganisation becoming effective, and assuming no shares other than the New EBIOSS Shares are issued between 9 January 2017 (being the latest practicable date prior to the printing of this document) and the date the Share Capital Reorganisation becomes effective, the Enlarged Share Capital will comprise 153,350,494 New Ordinary Shares.

If the Share Capital Reorganisation is approved, the New Ordinary Shares along with the New EBIOSS Shares will be admitted to trading on AIM on 7 February 2017.

No new share certificates representing the New Ordinary Shares will be sent to Shareholders who hold Existing Ordinary Shares in certificated form. Accordingly, share certificates for the Existing Ordinary Shares will remain valid, and will only be replaced by share certificates for New Ordinary Shares when the

old share certificates are surrendered for cancellation following the transfer, transmission or other disposal of New Ordinary Shares.

Shareholders who hold their Existing Ordinary Shares in uncertificated form through CREST should expect to see the security description updated for the existing ISIN number (IE00BH3XCL94), in order to reflect their holding in New Ordinary Shares.

The 2017 Deferred Shares created will be effectively valueless as they will not carry any rights to vote or dividend rights. In addition, holders of 2017 Deferred Shares will not be entitled to a payment on a return of capital or on a winding up of the Company. The 2017 Deferred Shares will not be traded on AIM or listed and will not be transferable other than as specified in the Amended Articles. No share certificates will be issued in respect of the 2017 Deferred Shares, nor will CREST accounts of Shareholders be credited in respect of any entitlement to 2017 Deferred Shares.

In connection with the Share Capital Reorganisation, the Company also proposes to amend the Existing Articles to include the rights and restrictions attaching to the 2017 Deferred Shares, as set out above. The Resolution pertaining to the Share Capital Reorganisation and associated amendment of the Existing Articles will be proposed as a special resolution, numbered Resolution 2(b). The rights of the 2008 Deferred Shares and the 2013 Deferred Shares are not affected by the Share Capital Reorganisation.

As part of the Proposals, certain of the advisers are to be issued 1,533,505 warrants which will have an exercise price of 5.53 pence and an expiry date of five years from the date of issue.

## **10. Change of name**

The Board also proposes to change the name of the Company to EQTEC PLC, subject to approval of Shareholders at the EGM.

The rationale behind the proposed change of name is to give the Company business a clearer identity following the strengthening of strategic and operational ties with EBIOSS Energy.

The Resolution relating to the Company's change of name is numbered 3.

## **11. Extraordinary General Meeting and the Resolutions**

A notice convening the Extraordinary General Meeting is set out in the Appendix to this Circular, at which the Resolutions, including, *inter alia*, the Whitewash Resolution, will be proposed. The purpose of the meeting is to consider and, if thought fit, pass Resolutions 1 to 3 (inclusive) as referred to below:

### **Ordinary Resolution**

1. THAT, subject to and conditional on passing of this Resolution, having regard to the provisions of the Takeover Rules and to the conditions attached by the Takeover Panel to the grant of the waiver under Rule 9 of the Takeover Rules, the acquisition by EBIOSS Energy of a holding of 51 per cent. of the entire issued share capital of the Company as a result of the allotment of 78,210,000 New Ordinary Shares to EBIOSS Energy pursuant to the terms of the Conversion Agreement dated 9 January 2017 made between EBIOSS Energy and the Company be and is hereby approved on the basis that such acquisition will not result in EBIOSS Energy becoming obliged to make an offer to the Company's shareholders pursuant to Rule 9 of the Takeover Rules.

### **Special Resolutions**

2. THAT, with effect from the date of passing of this Resolution and conditional upon the passing on a poll of Resolution 1 above:
  - (a) each of the issued ordinary shares of €0.10 each in the capital of the Company be and is hereby subdivided into and reclassified as one ordinary share of €0.001 and one deferred B ordinary share of €0.099 ("2017 Deferred Share"), the 2017 Deferred Shares having the rights attaching thereto set out in the new memorandum and articles of association referred to in Resolution 2(b) below and that

- each of the unissued ordinary shares of €0.10 each in the capital of the Company be and hereby sub-divided into ordinary shares of €0.001 each; and
- (b) in order to give effect to the foregoing the draft memorandum and articles of association produced to the meeting and initialed by the Chairman of the meeting for the purposes of identification be adopted as the memorandum and articles of association of the Company.
3. subject to the approval of the Registrar of Companies that the Company name be and is hereby changed to EQTEC PLC.

The Whitewash Resolution is being proposed as an ordinary resolution and requires a simple majority of the votes cast to be cast in favour on a poll in order for it to be passed. Resolutions 2(a), 2 (b) and 3 will be proposed as special resolutions and therefore need at least 75 per cent. of the votes cast to be cast in favour in order for them to be passed. Resolutions 2(a) and 2(b) are conditional on Resolution 1 being passed.

**The EGM will take place at 11:30 a.m. on 6 February 2017. It is intended that the New EBIOSS Shares will be issued pursuant to the authority requested by the Company from Shareholders to disapply pre-emption rights over the Existing Ordinary Shares at the Company's Annual General Meeting which has been convened for 31 January 2017. In the event the necessary resolutions are not approved at the Company's Annual General Meeting to disapply such pre-emption rights in order to permit the Proposals to proceed, the EGM will be adjourned.**

## 12. Summary of the amendments to the Existing Articles

For the Proposals to proceed, it is necessary for changes to be made to the Existing Articles by special resolution of the Shareholders. These changes are:

1. to subdivide into and reclassify each of the issued ordinary shares of €0.10 each in the capital of the Company as one ordinary share of €0.001 and one deferred B ordinary share of €0.099 ("**2017 Deferred Share**") having the rights attaching thereto set out in the Amended Articles;
2. each of the unissued ordinary shares at €0.10 each in the capital of the Company will be sub-divided into ordinary shares of €0.001 each; and
3. any reduction of capital involving the cancellation of the 2008 Deferred Shares, 2013 Deferred Shares and/or 2017 Deferred Shares for no consideration shall not be deemed to be a variation of the rights attaching to such deferred shares nor a modification or abrogation of the rights or privileges attaching to the 2008 Deferred Shares, 2013 Deferred Shares and/or 2017 Deferred Shares. Accordingly, the 2008 Deferred Shares, 2013 Deferred Shares and/or 2017 Deferred Shares may at any time be cancelled for no consideration by a special resolution passed by the holders of the ordinary shares without notice to or approval of the relevant deferred shares.

## 13. Effect of not approving the Resolutions

**Should Shareholders (and, where appropriate, Independent Shareholders) not vote in favour of the Resolutions set out in the Notice of EGM or the necessary resolutions at the Company's Annual General Meeting to disapply pre-emption rights over the Existing Ordinary Shares (as noted in paragraph 11 above), the Board would not be able to proceed with the Proposals and would likely need to seek alternative sources of capital in the near term in order to satisfy the NBL Debt. There is no guarantee that the Board would be successful in raising this capital on terms acceptable to Shareholders or at all.**

**Shareholders should be aware that if the Board was unsuccessful in raising this capital on terms acceptable to Shareholders or at all, the Board considers that the REACT business could continue in its current form in the near term. However, the Board believes that without significant capital, it would not represent a viable commercial business in the longer term. Accordingly, the Board would likely seek to cancel the Company's admission to trading on AIM and commence an orderly winding up of the Company.**

If you are in any doubt about the contents of this document or as to the action you should take, you are recommended immediately to seek your own personal financial advice from your stockbroker, bank

manager, solicitor, accountant, or other independent financial adviser authorised pursuant to the Financial Services and Markets Act 2000 (“FSMA”), or, in the case of Shareholders in a territory outside Ireland and the United Kingdom, from another appropriately authorised independent financial adviser.

#### **14. Action to be taken in respect of the Extraordinary General Meeting**

For Existing Shareholders who hold their shares in certificated form, you will find enclosed with this document a Form of Proxy for use by such Shareholders at the Extraordinary General Meeting. Whether or not you wish to attend the Extraordinary General Meeting, you are requested to complete and sign the Form of Proxy and return it to the Company’s Registrars, Capita Asset Services, Shareholder solutions (Ireland), by post to P.O. Box 7117, Business Reply, Dublin 2, Ireland or by hand to Capita Asset Services, Shareholder solutions (Ireland), 2 Grand Canal Square, Dublin 2, D02 A342, Ireland so as to arrive no later than 48 hours before the time appointed for the Extraordinary General Meeting. **The return of the Form of Proxy will not prevent you from attending the Extraordinary General Meeting and voting in person should you wish to do so.**

Alternatively, for those who hold Existing Ordinary Shares in CREST, an Existing Shareholder may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Capita Registrars (CREST participant ID 7RA08). In each case the proxy appointment must be received by no later than 11:30 a.m. on 4 February 2017. The completion and return of either an electronic proxy appointment notification or a CREST Proxy Instruction (as the case may be) will not prevent a Shareholder from attending and voting in person at the Extraordinary General Meeting or any adjournment thereof, should such Existing Shareholder wish to do so.

#### **15. Additional Information**

Your attention is drawn to Part 4 of this document which contains certain additional information in respect of REACT. Shareholders are advised to read the whole of this document and not rely solely on the summary information set out in this letter.

#### **16. Recommendation**

The Directors consider that the Proposals are in the best interest of the Company and the Shareholders as a whole.

The Directors, having been so advised by Strand Hanson, consider the Waiver and the reverse takeover transaction, as defined by the Takeover Rules, to be in the best interests of the Shareholders (and, where appropriate, the Independent Shareholders) and the Company as a whole. In providing advice to the Directors, Strand Hanson has taken into account the commercial assessments of the Directors.

The Directors unanimously recommend that all Shareholders (and, where appropriate, Independent Shareholders) vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting, as they intend to do in respect of their beneficial holdings which amount to, in aggregate, 2,530,159 Existing Ordinary Shares, representing 3.4 per cent. of the Company’s issued share capital as at the date of the Circular.

Yours sincerely,

**DERMOT O’CONNELL**  
**Chairman**



## PART 2 FINANCIAL INFORMATION

### Incorporation of relevant information by reference

The following information is incorporated by reference into this document pursuant to Rule 24.15 of the Takeover Rules and is available free of charge on the Company's website at <http://www.reactenergyplc.com/investors/financial-information>.

- (i) the annual report and accounts of the Company for the year ended 30 June 2016;
- (ii) the annual report and accounts of the Company for the year ended 30 June 2015; and
- (iii) the annual report and accounts of the Company for the year ended 30 June 2014.

The Company's annual report and accounts listed above contain the Company's audited consolidated financial statements for the financial years ended 30 June 2016, 30 June 2015 and 30 June 2014, together with the audit report in respect of each year.

A Shareholder may request a hard copy of any information incorporated into this document by reference by contacting Brendan Halpin between 9:00 a.m. and 5:30 p.m. (Dublin time) Monday to Friday on +353 21 2409 056. It is important that you note that unless you make such a request, a hard copy of documents incorporated into this document by reference will not be sent to you.

<i>Information incorporated by reference to this document</i>	<i>Reference document</i>	<i>Page number in reference document</i>
<b>For the year ended 30 June 2016</b>		
Independent auditor's report	All included in the Annual Report 2016	Pages 19-20
Consolidated statement of profit and loss for the year ended 30 June 2016		Page 21
Consolidated statement of changes in equity for the year ended 30 June 2016		Page 24
Consolidated statement of financial position at 30 June 2016		Page 23
Consolidated statement of cash flows for the year ended 30 June 2016		Page 25
Notes to the consolidated financial statements		Pages 29 – 75
<b>For the year ended 30 June 2015</b>		
Independent auditor's report	All included in the Annual Report 2015	Pages 19-20
Consolidated statement of profit and loss for the year ended 30 June 2015		Page 21
Consolidated statement of changes in equity for the year ended 30 June 2015		Page 24
Consolidated statement of financial position at 30 June 2015		Page 23
Consolidated statement of cash flows for the year ended 30 June 2015		Page 25
Notes to the consolidated financial statements		Pages 29 – 82

<i>Information incorporated by reference to this document</i>	<i>Reference document</i>	<i>Page number in reference document</i>
<b>For the year ended 30 June 2014</b>	All included in the Annual Report 2014	
Independent auditor's report		Pages 20-21
Consolidated statement of profit and loss for the year ended 30 June 2015		Page 22
Consolidated statement of changes in equity for the year ended 30 June 2015		Page 25
Consolidated statement of financial position at 30 June 2015		Page 24
Consolidated statement of cash flows for the year ended 30 June 2015		Page 26
Notes to the consolidated financial statements		Pages 30 - 85

## PART 3

### INFORMATION ON EBIOSS ENERGY AD AND ADDITIONAL DISCLOSURES REQUIRED UNDER THE TAKEOVER RULES

The information set out in this Part 3, which relates to EBIOSS Energy, has been accurately reproduced from information provided by EBIOSS Energy. As far as the Company is able to ascertain from this information, no facts have been omitted which would render the information in this Part 3 which relates to EBIOSS Energy inaccurate or misleading.

#### 1. Information on EBIOSS Energy

EBIOSS Energy was incorporated in 2011 and is headquartered in Sofia, Bulgaria. EBIOSS Energy was established as a holding company for the acquisition of interests in companies developing projects in the waste-to-energy sector. EBIOSS Energy was admitted to trading on the Mercado Alternativo Bursátil (“MAB”) market of the Bolsas y Mercados Españoles (“BME”) on 5 July 2013. Please see paragraph 5 of Part 1 of this document for further information on the business activities of EBIOSS Energy.

##### 1.1 Directors

The directors are as follows:

<i>Name</i>	<i>Function</i>
Jose Oscar Leiva Mendez	Director and Co-CEO
Luis Sanchez Angrill	Director and Co-CEO
Alexandra Tcherveniakova	Director and CFO
Carlos Cuervo-Arango Martinez	Non-Executive Director

##### 1.2 Incorporation and registered office

EBIOSS Energy was incorporated in 2011 in Bulgaria, with single member limited liability, under the name Teteven Biomass, EOOD. Its registered office is at 49 Bulgaria Boulevard, Floor 11 – 12, Sofia 1404. At a general meeting of the company on 26 November 2012, the company resolved its transformation into a public limited company, being such resolutions duly registered with the Companies Registry of Bulgaria on 12 December 2012. As a result, the company’s name was changed to EBIOSS Energy AD.

##### 1.3 Share capital

EBIOSS Energy has an issued share capital comprising 40,912,416 ordinary shares of 1 Leva each.

##### 1.4 Shareholders

Insofar as EBIOSS Energy is aware, the shareholders of EBIOSS Energy interested in three per cent. or more of EBIOSS Energy’s issued share capital are as follows:

<i>Name</i>	<i>per cent. shareholding</i>
Elektra Holding AD	36.4
Sofia Biomass EOOD	7.5
Sun Group Bulgaria EOOD	5.4

Elektra Holding AD’s registered address is 49 Bulgaria Boulevard, Floor 11 – 12, Sofia 1404, Bulgaria. As a result of the size of Elektra Holding AD’s shareholding in EBIOSS Energy, further information on Elektra Holding AD is disclosed below.

Sofia Biomass EOOD’s registered address is 49 Bulgaria Boulevard, Floor 11 – 12, Sofia 1404, Bulgaria.

Sun Group Bulgaria EOOD's registered address is 49 Bulgaria Boulevard, Floor 11 – 12, Sofia 1404, Bulgaria.

### 1.5 *Financial information*

For the year ended 31 December 2015, EBIOSS Energy reported turnover of €9,465,000 (which included Revenue of €4,451,000, Other Revenue of €50,000 and Revenue from sale of non-current asset held for sale of €4,964,000), loss before taxation of €2,496,000 and net assets of €37,107,000.

For the year ended 31 December 2014, EBIOSS Energy reported turnover of €2,389,000 (which included Revenue €2,258,000 and Other Revenue €131,000), profit before taxation of €2,223,000 and net assets of €38,189,000.

All of the above figures are audited and have been prepared on a consolidated basis.

Further information on the audited consolidated results of EBIOSS Energy for the years ended 31 December 2015 and 31 December 2014 can be found at [www.Ebioss.com/en/shareholders-investors/financials-info.html](http://www.Ebioss.com/en/shareholders-investors/financials-info.html)

You have a right to receive a hard copy of documents referred to above on request. Documents will not be sent in hard copy unless requested. To request a hard copy, please contact Brendan Halpin between 9:00 a.m. and 5:30 p.m. (Dublin time) Monday to Friday on +353 21 2409 056.

### ***Information on Elektra Holding AD***

Elektra Holdings AD is an intermediate holding company, of which 99.998 per cent. is owned by Luxur Energies AD. Luxur Energies AD has five shareholders, and is ultimately controlled by four members of the Spain-based Leiva family, one which is Jose Oscar Leiva Mendez, a director and Co-CEO of EBIOSS Energy.

The EBIOSS Energy employee share scheme has a direct minority shareholding in Luxur Energies AD, and Carlos Cuervo-Arango Martinez, another director of EBIOSS Energy, has an indirect shareholding in Luxur Energies AD.

None of these shareholders will individually have a direct or indirect interest of five per cent. or more in the Enlarged Share Capital of REACT.

## **2. Disclosure of interests and dealings of EBIOSS Energy in the relevant securities of the Company**

### ***2.1 Definitions***

For the purposes of Part 3 and Part 4 of this document:

- i) an “**arrangement**” includes any indemnity or option arrangement and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;
- ii) a “**connected adviser**” means an organisation which is advising the Company or an associate of the Company in relation to the Waiver and any corporate broker to any such party;
- iii) “**connected person**” means in relation to any person a person whose interest in shares is one in which the first mentioned person is also taken to be interested pursuant to Section 220 of the Act;
- iv) “**control**” means a holding, whether directly or indirectly, of securities of the company that confer, in aggregate, not less than 30% (or such other percentage as may be prescribed) of the voting rights in that company, and in relation to a company which is not a relevant company, shall have the same meaning, and “to control” and cognate words and terms, in relation to any company, shall be construed accordingly;
- v) “**dealing or dealt**” include:
  - (i) acquiring or disposing of relevant securities, the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights allocated to relevant securities or general control of relevant securities;

- (ii) taking, granting, acquiring, disposing of, entering into, closing out, terminating, exercising (by either party) or varying an option in respect of any relevant securities;
  - (iii) subscribing or agreeing to subscribe for relevant securities (whether in respect of new or existing securities);
  - (iv) exercising or converting any relevant securities carrying conversion or subscription rights;
  - (v) acquiring, disposing of, entering into, closing out, exercising (by either party) of any rights under, or varying of, a derivative referenced directly or indirectly, to relevant securities;
  - (vi) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
  - (vii) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position.
- vi) “**derivative**” includes any financial product whose value in whole or in part is determined, directly or indirectly, by reference to the price of an underlying security but which does not include the possibility of delivery of such underlying securities;
  - vii) “**disclosure date**” means 9 January 2017, being the latest practicable date prior to the publication of this document;
  - viii) “**disclosure period**” means the period of 12 months ending on the disclosure date;
  - ix) “**relevant securities**” means: (i) securities of REACT which confer voting rights; (ii) equity share capital of REACT or EBIOSS Energy; and/or (iii) securities or any other instruments conferring on their holders’ rights to convert into or subscribe for any new securities of any of the foregoing categories of securities;
- REACT does not have any securities carrying voting rights other than Existing Ordinary Shares.
- x) “**interest in**” or “**interested in a relevant security**” means: for the purposes of determining whether the person has an “interest in a relevant security” or is “interested in a relevant security” that person shall be deemed to have an “interest” or be “interested”, in a relevant security if and only if he or she has a long position in that security (as defined under the Takeover Rules).
  - xi) “**short position**” means any short position (as defined under the Takeover Rules).

## 2.2 *Interests of EBIOSS Energy*

As at the disclosure date (being the latest practicable date prior to publication of this document), EBIOSS Energy has no interests in the relevant securities of the Company other than the Warrant Purchase Agreement.

## 2.3 *Dealings in relevant securities of the Company by EBIOSS Energy*

EBIOSS Energy confirms it has not dealt in relevant securities of the Company during the disclosure period other than the Warrant Purchase Agreement.

## 2.4 *As at the close of business on the disclosure date:*

- i) Save for the interests of the Concert Party as disclosed in paragraph 8 of Part 1 of this document and paragraph 10.7 of Part 4 of this document, neither EBIOSS Energy, nor any person acting in concert with it, have an interest in, or any short position in relation to, any relevant securities of the Company, or have dealt in any such relevant securities during the disclosure period;
- ii) none of the directors of EBIOSS Energy (including any members of such director’s respective immediate families, related trusts or connected persons) have an interest in, or have any short position in relation to any relevant securities of the Company, nor have any such person dealt in such securities during the disclosure period;

## 3. **EBIOSS Energy’s intentions regarding the Company’s business**

EBIOSS Energy confirms that no changes are envisaged to be introduced to the Company’s proposed

strategy, as detailed further in Part 1 of this document.

Other than as set out at the end of paragraph 4 and the middle of paragraph 6 of Part 1 of the Circular, EBIOSS Energy has no intentions regarding the Company's business that would affect:

- the strategic plans of the Company;
- the employment of the Company's or its own personnel including the continued employment of, or the conditions of employment of, any of the Company's management;
- the location of the Company's or its own business or operating subsidiaries; or
- the admission of its ordinary shares to trading on AIM.

EBIOSS Energy does not have any intentions to dispose of or otherwise change the use of any of the fixed assets within the Company.

#### **4. Relationship between EBIOSS Energy and the Directors of the Company**

There are no relationships (personal, financial or commercial), arrangements or understandings between EBIOSS Energy and any of the Directors.

## PART 4

### ADDITIONAL INFORMATION

#### 1. Responsibility

- 1.1** The Directors, whose names appear in paragraph 2 below, and the Company accept responsibility for the information contained in this document, other than information relating to EBIOSS Energy, for which the directors of EBIOSS Energy accept responsibility as set out below. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2** The directors of EBIOSS Energy, whose names are set out in paragraph 1 of Part 3 of this document, accept responsibility for the information contained in this document relating to EBIOSS Energy. To the best of the knowledge and belief of the directors of EBIOSS Energy (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### Information on the Company

The name of the Company is REACT Energy plc. It was incorporated in Ireland under the Companies Act 2014 with registered number 462861. The Company's registered office is located at Building 1000, Citygate, Mahon, Cork, Ireland.

#### 2. Directors

The Directors of the Company are:

Dermot O'Connell, Non-Executive Chairman

Gerry Madden, CEO

Brendan Halpin, Executive Director

#### 3. Principal activity of the Company

The principal activity of the Company continues to be focused on developing and operating energy infrastructure which produces clean energy in the UK and Ireland.

#### 4. Interests and dealings

##### 4.1 Directors' interests in relevant securities of the Company

As at the close of business on 9 January 2017 (being the latest practicable date prior to the publication of this document), the interests of the Directors and their respective families (as defined in the AIM Rules) all of which are beneficial unless otherwise stated and of connected persons within the meaning of the Act, in the issued Existing Ordinary Shares as at the date of this document, the existence of which is known to, or could, with reasonable diligence, be ascertained by the Directors, together with the percentages which such interests represent of the Existing Ordinary Shares in issue are as follows:

	<i>Number of Existing Ordinary Shares held</i>	<i>Percentage (%) of current issued share capital held</i>
Brendan Halpin	1,142,910	1.5
Gerry Madden	817,140	1.1
Dermot O'Connell	<u>570,109</u>	<u>0.8</u>
<b>Total</b>	<b>2,530,159</b>	<b>3.4</b>

As at the close of business on 9 January 2017 (being the latest practicable date prior to the publication of this document) none of the Directors and their immediate families, related trusts and the interests of persons connected with them listed below, held any options to subscribe for Existing Ordinary Shares:

Save as disclosed above as at the close of business on the disclosure date:

- (a) none of the Directors nor any person acting in concert with the Company had an interest in any relevant securities of the Company; and
- (b) none of the Directors or any person acting in concert with the Company had any short position in relation to relevant securities of the Company (whether conditional or absolute and whether in the money or otherwise and including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery).

#### 4.2 Directors Dealings in the relevant securities of the Company

There have been no dealings (including borrowing or lending) for value in relevant securities of the Company by the Directors (or their immediate families, related trusts or persons connected with them) during the period of 12 months preceding the date of this document.

#### 5. Additional disclosures required by the Takeover Rules

- (a) the Company has not redeemed or purchased any relevant securities of the Company during the period of 12 months preceding the date of this document;
- (b) the Company had no interest in, nor had any short position in relation to, any relevant securities of EBIOS Energy, nor had it dealt in any such relevant securities during the disclosure period;
- (c) none of the directors of the Company (including any members of such director's respective immediate families, related trusts or connected persons) had an interest in, nor had any short position in relation to any relevant securities of EBIOS Energy, nor had any such person dealt in such securities during the disclosure period;
- (d) no person acting in concert with the Company, had any interest in, or had any short position in relation to any relevant securities of the Company on the Disclosure Date; and
- (e) save as disclosed in paragraph 10 of this Part 4, there were no arrangements which existed between the Company and EBIOS Energy or any person acting in concert with the Company or EBIOS Energy.

#### 6. Major Holdings in relevant securities in REACT

As at the close of business on 9 January 2017 (being the latest practicable date prior to the publication of this document) and, so far as the Directors are aware, the only persons who are directly or indirectly interested in 3 per cent. or more of the Existing Ordinary Shares are as follows:

	<i>Number of Existing Ordinary Shares held</i>	<i>Percentage (%) of current issued share capital held</i>
Farmer Business Developments plc	17,396,295	23.2
The Concert Party	7,204,545	9.6
Carnmeen Energy Limited	5,093,875	6.8
Ronan Barrett	4,096,962	5.5
Edmonton Property Company Limited	<u>3,774,546</u>	<u>5.0</u>
<b>Total</b>	<b>37,566,223</b>	<b>50.0</b>

- i) save as disclosed above, the Company is not aware of and has not received any notification from any person confirming that such person is interested directly or indirectly, in 3 per cent or more of the nominal share capital of the Company, nor is it aware of any person who directly or indirectly, jointly or separately, exercises or could exercise control over the Company; and



- ii) none of the Company's major shareholders, as listed above, have different voting rights attaching to shares held by them in the Company.

## 7. Directors' service agreements, letters of appointment, remuneration and fees

7.1 The services of the Directors are provided to the Group under the following agreements:

7.1.1 *Dermot O'Connell (Non-Executive Chairman)* No formal letter of appointment exists for Mr O'Connell. With effect from 1 January 2015, the contractual fee payable to Mr O'Connell is €24,000 per annum. Mr O'Connell will also be reimbursed for all reasonable and properly documented expenses incurred in the performance of his duties.

7.1.2 *Gerry Madden (CEO)* A contract of employment dated 12 December 2012 and made between the Company and Mr Madden. The contract of employment is for a renewable period of 12 months commencing 12 December 2012 and thereafter may be terminated immediately by the Company in certain circumstances upon which Mr. Madden is entitled to a termination payment equal to twelve months of the annual remuneration. With effect from 1 January 2015, the annual remuneration payable to Mr Madden is €250,000 per annum.

7.1.3 *Brendan Halpin (Executive Director)* A contract of employment dated 1 August 2008 and made between the Company and Mr Halpin. Three months' notice of termination is required from either party. With effect from 1 January 2015, the annual remuneration payable to Mr Halpin is €85,000 per annum.

7.2 Other than as disclosed in paragraph 7.1 above:

7.2.1 there are no service contracts between any of the Directors and the Company or any of its subsidiaries or associated companies;

7.2.2 no Director is entitled to commission or profit sharing arrangements;

7.2.3 no service contract or letter of appointment of any Director has been entered into or amended within the period of six months prior to the date of this document; and

7.2.4 save as disclosed above no compensation, other than statutory compensation and payment in lieu of notice, is payable by the Company or any of its subsidiaries to any Director upon early termination of their appointment.

## 8. Material changes

There has been no material change in the financial or trading position of the Company subsequent to the publication of the audited annual financial statements of the Company for the year ended 30 June 2016, which were published on 23 December 2016.

## 9. Middle Market Quotations

The following table sets out the middle market quotations for an Existing Ordinary Share for the first Business Day of each of the six months immediately preceding the date of this document and for 9 January 2017 (being the latest practicable date prior to the publication of this document):

Date	Price per Existing Ordinary Share (pence)
9 January 2017	3.75
3 January 2017	2.37
1 December 2016	3.13
1 November 2016	3.50
3 October 2016	3.50
1 September 2016	3.75
1 August 2016	4.00

## **10. Material contracts**

Save as set out below neither the Company nor any of its subsidiaries have entered into any material contracts in the two years preceding the date of this Circular.

### **10.1 EQTEC Agreement**

On 31 December 2015, NBL entered an agreement with EQTEC and EBIOSS Energy to purchase the EQTEC Plant to repower the Newry biomass plant. The consideration for the purchase of the EQTEC Plant was €4,963,993. EBIOSS have subsequently invoiced NBL €186,233 for shipping and delivery and other costs of the EQTEC Plant, bringing the total amount outstanding under the EQTEC Agreement to €5,150,226. Such amount is to be assigned to REACT pursuant to the Settlement Deed (as detailed in paragraph 10.4 below) and then converted into the New EBIOSS Shares pursuant to the Conversion Agreement (as detailed in paragraph 10.5 below).

### **10.2 EBIOSS Loan Facility**

On 8 January 2016, the Company announced that it had entered a loan agreement with EBIOSS Energy for a loan of €750,000. The proceeds were to be used by the Company for continued investment in the Newry biomass plant and the Company's portfolio of other biomass gasification projects in the UK. The key terms of the EBIOSS Loan Facility were as follows:

- quantum of €750,000, which could be drawn down in three equal monthly instalments of €250,000;
- interest rate of 8% per annum on outstanding capital balances, which would accrue and be repaid in full on repayment of the EBIOSS Loan Facility;
- drawdown of the EBIOSS Loan Facility to be subject to the agreement of the Company and EBIOSS Energy; and
- from 7 January 2017, EBIOSS Energy could, at any time, demand that the Company repays the drawn down proportion of the EBIOSS Loan Facility plus accrued interest.

The full amount of the EBIOSS Loan Facility has been drawn down as at the date of this document (prior to the increase in the facility size as noted in paragraph 10.3 below) so that the balance outstanding stood at €750,000.

### **10.3 Amendment and Restatement Agreement**

The Company and EBIOSS Energy entered in to the Amendment and Restatement Agreement on 12 December 2016 to record changes to the EBIOSS Loan Facility, being primarily:

- the principal amount of the EBIOSS Loan Facility has been increased by €600,000 from €750,000 to €1,350,000; and
- the repayment date has been extended by one year to 7 January 2018.

### **10.4 Settlement Deed**

On 9 January 2017, the Company and EBIOSS Energy entered into the Settlement Deed whereby, subject to, *inter alia*, Shareholder approval of the Resolutions, including the Whitewash Resolution (to be voted upon only by the Independent Shareholders), the NBL Debt will be assigned to REACT such that REACT will become a debtor to EBIOSS Energy and a creditor of NBL for an amount equal to the NBL Debt.

### **10.5 Conversion Agreement**

On 9 January 2017, the Company and EBIOSS Energy entered the Conversion Agreement conditional on, *inter alia*, Shareholder approval of the Resolutions, including the Whitewash Resolution (to be voted upon only by the Independent Shareholders).

Pursuant to the Conversion Agreement, REACT will allot to EBIOSS Energy the New EBIOSS Shares at a price of 5.53 pence in full and final settlement of the NBL Debt, which was assigned to REACT under the Settlement Deed.

## 10.6 Relationship Agreement

On the implementation of the Proposals, EBIOSS Energy will be the owner of 51 per cent. of the Enlarged Share Capital. Pursuant to an agreement dated 9 January 2017 made between (1) the Company, (2) EBIOSS Energy and (3) Strand Hanson (**Relationship Agreement**) the parties, conditional on the Proposals being implemented, agreed procedures to manage the relationship between them to ensure, *inter alia*, that:

- (i) the Company will be capable always of carrying on its business independently of EBIOSS Energy;
- (ii) all transactions and relationships between the Company and EBIOSS Energy are on an arm's length basis;
- (iii) any disputes between EBIOSS Energy and the Company relating to either the management of the Company, the operation of the Board or any transaction, agreement or arrangement between them shall be passed to, and dealt with on behalf of the Company by, a committee comprising only the independent directors of REACT (i.e. those directors that have not been nominated by EBIOSS Energy as its representative(s)) (**Independent Directors**). For the avoidance of doubt, in so far as it is an action or activity to be taken on behalf of the Company, EBIOSS Energy shall be required to take or refrain from taking any action relating to the foregoing recommended by the Independent Directors, acting reasonably, in connection with such dispute.
- (iv) EBIOSS Energy, without the prior written consent of the Independent Directors and Strand Hanson shall not exercise any of their voting rights in the shares held by them from time to time in favour of any proposed amendment to the Articles which violates or would otherwise prejudice any of the provisions of the Relationship Agreement;
- (v) EBIOSS Energy has the right to the following director appointments to the Board:
  - such number of directors so that EBIOSS Energy appointees represent the majority of the Board, for so long as its holding remains greater than 50 per cent. of the issued share capital of REACT from time to time;
  - two directors, for so long as its holding is between 35 and 50 per cent. of the issued share capital of REACT from time to time, one of whom may be the CEO of the Company; and
  - one director, for so long as its holding is between 20 and 35 per cent. of the issued share capital of REACT from time to time;
- (vi) All director appointments are subject to the satisfactory completion of the nominated adviser's due diligence and its satisfaction that the enlarged board structure post appointment(s) is appropriate for a company admitted to trading on AIM; and
- (vii) EBIOSS Energy may only vote their shareholding in favour of a cancellation from admission to trading on AIM of REACT, if the Independent Directors recommend such cancellation unless it is in connection with (a) an offer for the entire issued share capital of the Company made by a person other than EBIOSS Energy or its associates; or (b) the New Ordinary Shares are already or will be admitted to trading on an EU regulated market.

EBIOSS Energy has confirmed that, subject to the completion of the Conversion Agreement, it intends (but has no legal obligation) to consider and use all reasonable efforts to provide opportunities for the Company to participate in gasification projects which EBIOSS Energy or its Associates may wish to advance in the United Kingdom.

The provisions of the Relationship Agreement will remain in force for so long as:

1. EBIOSS Energy holds at least 20 per cent. of the issued share capital of the Company from time to time; and
2. The ordinary share capital of the Company remains admitted to trading to AIM.

### **10.7 Existing Secured Loan and Warrants**

The secured loan facility with EcoFinance dated 14 July 2015 ("Secured Loan Facility") comprised a five-year term loan of £1,000,000 at 15% per annum fixed rate of interest, payable monthly in arrears. The net proceeds of the Secured Loan Facility were utilised for corporate development and general working capital purposes. The Secured Loan Facility is to be repaid by way of a bullet repayment of capital (and any accrued interest) on or before the anniversary of 60 months from the date of drawdown of the Secured Loan Facility.

An equity kicker arrangement with EcoFinance dated the 14 July 2015 gave EcoFinance an exercisable right attached to the Secured Loan Facility whereby 60 days from the drawdown under the Secured Loan Facility, EcoFinance had the right to an amount of fully paid new ordinary shares in the Company. The monetary value of the exercisable right was determined by the following formula:

- 9 million x (Average Share Price minus 10p), where the Average Share Price is the arithmetic average of the Company's closing share price on each of the 60 days following re-commencement of trading in the Company's shares, which occurred on 27 July 2015. The value of this right had a cap of £600,000 and a floor of £200,000. The maximum number of shares issuable under this mechanism was 3,529,412 new ordinary shares. The Company announced on 21 October 2015 that 3,500,000 new ordinary shares had been issued to EcoFinance pursuant to this arrangement.

35,300,000 Warrants issued to Alchemy Capital on the 14 July 2015, a company related to EcoFinance on drawdown of the Secured Loan Facility, subject to any necessary shareholder and other regulatory requirements. These Warrants entitle the holders to subscribe for new ordinary shares at an exercise price of 10p per share. The Warrants are assignable and capable of being exercised for a period of seven years from the date on which the Secured Loan Facility is drawn down.

7.5% £2 million Convertible Secured Loan Note ("CSLN") under which Altair provided funding to REACT to finance the Examinership process. The existing secured debt held by Altair, comprising the 9% Secured Loan Note of £1.5 million issued in 2014 and the Examinership financing facility of €500,000, was refinanced by way of the CSLN and is secured by the same security package granted in favour of EcoFinance. This is governed by an inter creditor deed under which the Secured Loan Facility security plus interest and costs shall rank in priority to the CSLN security plus interest and costs. Under the terms of the CSLN, Altair has the right to convert up to £1 million into new ordinary shares at £0.10.

Altair has also been granted an exercisable right in the form of an equity kicker of up to 3,529,412 new ordinary shares on the same basis as EcoFinance as set out above. The Company announced on 21 October 2015 that 3,500,000 new ordinary shares had been issued to Altair pursuant to this arrangement.

The Company has also issued 3,150,000 Warrants to Origen Capital Partners LLP, an entity related to Altair, on drawdown of the Secured Loan Facility. These Warrants entitle the holders to subscribe for new ordinary shares at an exercise price of £0.10 per share. These warrants are assignable and capable of being exercised for a period of seven years from the date on which the Secured Loan Facility is drawn down.

EcoFinance and Altair entered into a separate agreement in relation to financing provided to the Company whereby EcoFinance granted to Altair an option to acquire the benefit and security of the £1,000,000 Secured Loan Facility. This was a one-year option and the price of the option was a 5% premium on the capital amount. The option expired on 14 July 2016.

## **11. General**

11.1 No inducement fee is payable in respect of the Proposals set out in this document.

- 11.2 Strand Hanson has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.
- 11.3 EBIOSS Energy has given and has not withdrawn its written consent to the inclusion in this document or references to its name in the form and context in which they appear.
- 11.4 No agreement, arrangement or understanding (including any compensation arrangement) having any connection with or dependence upon the Waiver exists between EBIOSS Energy, or any person acting in concert with it, and any of the directors or recent directors of the Company or any of the holders or recent holders of, or any persons interested or recently interested in, relevant securities of the Company.
- 11.5 Save for the Relationship Agreement, there are no other relationships, arrangements or understandings between EBIOSS Energy and Strand Hanson or any person who is, or presumed to be, acting in concert with Strand Hanson.
- 11.6 No agreement, arrangement or understanding exists whereby the New EBIOSS Shares to be issued to EBIOSS Energy will be transferred to any other party.
- 11.7 The Directors' intentions regarding the continuance of the Company's business and its intentions regarding the continued employment of its employees and those of its subsidiaries will not be altered. The Directors have confirmed that there will be no change in the Company's stated corporate strategy or in its dividend policy following completion of the Proposals.
- 11.8 As part of the Proposals, certain of the advisers are to be issued 1,533,505 Warrants which will have an exercise price of 5.53 pence and an expiry date of five years from the date of issue.
- 11.9 As at the close of business on 9 January 2017 (being the latest practicable date prior to the publication of this document), Strand Hanson held no interests or short positions in the relevant securities of REACT.
- 11.10 As at the close of business on 9 January 2017 (being the latest practicable date prior to the publication of this document), no partner or member of the professional staff of McEvoy Corporate Law (legal advisers to REACT) actively engaged in relation to the matters described in this Circular or customarily engaged in the affairs of REACT or engaged in those affairs within the period of two years prior to the publication of this Circular was interested in or held short positions in the relevant securities in REACT.

## **12. Documents available on display**

Copies of the following documents will be made available on display at the offices of the Company, and at the offices of McEvoy Corporate Law, 33 Fitzwilliam Square, Dublin 2, Ireland during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) and at the following website address <http://www.reactenergyplc.com> from the date of posting of this document up to the date of the Extraordinary General Meeting and at the place of meeting for 15 minutes prior to the meeting and during the meeting:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the Memorandum and Articles of Association of EBIOSS Energy;
- (c) the audited consolidated accounts of the Company for the years ended 30 June 2016, 30 June 2015 and 30 June 2014;
- (d) the audited consolidated accounts of EBIOSS Energy for the years ended 31 December 2015 and 31 December 2014;
- (e) the Amendment and Restatement Agreement;
- (f) the Settlement Deed;
- (g) the Conversion Agreement;
- (h) the Relationship Agreement;
- (i) the letter from the Takeover Panel to Strand Hanson Limited dated 19 August 2016 granting to

EBOSS Energy, subject to specified conditions, a waiver of their potential obligations under Rule 9 to make a general offer for the balance of ordinary shares it does not own following the issue of the New EBOSS Shares;

- (j) the consent letter from EBOSS Energy;
- (k) the consent letter from Strand Hanson referred to in paragraph 11.2 above; and
- (l) a copy of this document together with the Notice.

## NOTICE OF EXTRAORDINARY GENERAL MEETING

### REACT ENERGY PLC (the “Company”)

**NOTICE IS HEREBY GIVEN** that the Extraordinary General Meeting of the Company will be held at the Cork International Hotel, Cork, Ireland on 6 February 2017 at 11:30 a.m. for the transaction of the following business:

#### Ordinary Resolution

1. THAT, subject to and conditional on passing of this Resolution, having regard to the provisions of the Takeover Rules and to the conditions attached by the Takeover Panel to the grant of the waiver under Rule 9 of the Takeover Rules (as described in the Circular accompanying the notice of this meeting), the acquisition by EBIOSS Energy of a holding of 51 per cent. of the entire issued share capital of the Company as a result of the allotment of 78,210,000 New Ordinary Shares to EBIOSS Energy pursuant to the terms of the Conversion Agreement dated 9 January 2017 made between EBIOSS Energy and the Company be and is hereby approved on the basis that such acquisition will not result in EBIOSS Energy becoming obliged to make an offer to the Company’s shareholders pursuant to Rule 9 of the Takeover Rules.

#### Special Resolutions

2. THAT, with effect from the date of passing of this Resolution and conditional upon the passing on a poll of Resolution 1 above:
  - (a) each of the issued ordinary shares of €0.10 each in the capital of the Company be and is hereby subdivided into and reclassified as one ordinary share of €0.001 and one deferred B ordinary share of €0.099 (“**2017 Deferred Share**”), the 2017 Deferred Shares having the rights attaching thereto set out in the new memorandum and articles of association referred to in Resolution 2(b) below and that each of the unissued ordinary shares at €0.10 each in the capital of the Company be and hereby sub-divided into ordinary shares of €0.001 each; and
  - (b) in order to give effect to the foregoing the draft memorandum and articles of association produced to the meeting and initialed by the Chairman of the meeting for the purposes of identification be adopted as the memorandum and articles of association of the Company.
3. THAT subject to the approval of the Registrar of Companies that the Company name be and is hereby changed to EQTEC PLC.

Section 1111 of the Companies Act 2014

In accordance with Section 1111 of the Companies Act 2014 as the net assets of the Company are half or less of its called-up share capital that the members consider at the Extraordinary General Meeting whether any, and if so what, measures should be taken to deal with the situation.

DATED THIS 10 JANUARY 2017

BY ORDER OF THE BOARD

BRENDAN HALPIN  
COMPANY SECRETARY

REGISTERED OFFICE: BUILDING 1000, CITY GATE, CORK.  
REGISTERED IN CORK, IRELAND - NO. 462861

## NOTES

1. A member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint a proxy as an alternative to attend, speak and vote instead of him/her. A proxy need not be a member of the Company. The deposit of an instrument of proxy will not preclude a member from attending and voting in person at the Extraordinary General Meeting or at any adjournment thereof.
2. A Form of Proxy is enclosed with this notice. To be effective, the Form of Proxy duly completed and signed together with any authority under which it is executed or a copy of such authority certified notarially or by a solicitor practicing in the Republic of Ireland must be deposited at the offices of the Company's registrars, Capita Asset Services, Shareholder solutions (Ireland), P.O. Box 7117, Dublin 2 (if delivered by post) or to 2 Grand Canal Square, Dublin 2, Ireland (if delivered by hand during normal business hours) not less than 48 hours before the time appointed for the Extraordinary General Meeting or in the case of an adjournment as at 48 hours before the time of the adjourned meeting. Any alteration to the Form of Proxy should be initialed by the person who signs it.
3. In the case of a corporation, the Form of Proxy must be either executed under seal or signed on its behalf by an officer or attorney duly authorised.
4. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other registered holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company.
5. The Company, pursuant to Regulation 14 of the Companies Act 1990 (Uncertificated Securities) Regulations 1996 specifies that only those Shareholders registered in the register of members of the Company as at 6:00 p.m. (Dublin time) on 4 February 2017 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at that time. Changes to entries in the register after that time will be disregarded in determining the right of any person to attend and/or vote at the meeting.
6. Shareholders who hold shares through CREST and who wish to appoint a proxy or proxies for the meeting or any adjournment(s) by using the CREST voting service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.
7. In order for a proxy appointment or instruction made using the CREST voting service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by no later than 11:30 a.m. (Dublin time) on 4 February 2017. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Asset Services, Shareholder solutions (Ireland) is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
8. CREST members may appoint a proxy or proxies electronically through CREST via Capita Asset Services, Shareholder solutions (Ireland) (ID 7RA08).
9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Companies Act 1990 (Uncertificated Securities) Regulations 1996.



**FORM OF PROXY**

**REACT ENERGY PLC**  
*(the “Company”)*

**for use by members of REACT Energy plc at the Extraordinary General Meeting to be held at Cork International Hotel, Cork, Ireland, on 6 February 2017 at 11:30 a.m.**

I/we (Block Letters)

.....  
of .....  
being a member/members of the above-named Company hereby appoint the Chairman of the Meeting or §  
.....  
of .....

*as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company convened for 6 February 2017 at 11:30 a.m. or at any adjournment thereof for the purposes of considering and, if thought fit, passing the Resolutions referred to in the Notice convening the Extraordinary General Meeting and in respect of other resolutions that may arise at the Meeting. I/We direct that my/our vote(s) be cast on the Resolutions as indicated by an X in the appropriate box.*

**ORDINARY RESOLUTION**

1. THAT, subject to and conditional on passing of this Resolution, having regard to the provisions of the Takeover Rules and to the conditions attached by the Takeover Panel to the grant of the waiver under Rule 9 of the Takeover Rules (as described in the Circular accompanying the notice of this meeting), the acquisition by EBIOSS Energy of a holding of 51 per cent. of the entire issued share capital of the Company as a result of the allotment of 78,210,000 New Ordinary Shares to EBIOSS Energy pursuant to the terms of the Conversion Agreement dated 9 January 2017 made between EBIOSS Energy and the Company be and is hereby approved on the basis that such acquisition will not result in EBIOSS Energy becoming obliged to make an offer to the Company’s shareholders pursuant to Rule 9 of the Takeover Rules.

FOR*	AGAINST*	WITHHELD*

**SPECIAL BUSINESS**

2. THAT, with effect from the date of passing of this Resolution and conditional upon the passing on a poll of Resolution 1 above:

- (a) each of the issued ordinary shares of €0.10 each in the capital of the Company be and is hereby subdivided into and reclassified as one ordinary share of €0.001 and one deferred B ordinary share of €0.099 (“**2017 Deferred Share**”), the 2017 Deferred Shares having the rights attaching thereto set out in the new memorandum and articles of association referred to in Resolution 2(b) below and that each of the unissued ordinary shares at €0.10 each in the capital of the Company be and hereby sub-divided into ordinary shares of €0.001 each; and

FOR*	AGAINST*	WITHHELD*

(b) in order to give effect to the foregoing the draft memorandum and articles of association produced to the meeting and initialed by the Chairman of the meeting for the purposes of identification be adopted as the memorandum and articles of association of the Company.


3. THAT subject to the approval of the Registrar of Companies that the Company name be and is hereby changed to EQTEC PLC.

**DATED THIS** ..... day  
of.....2017  
**SIGNATURE** .....

§ If it is desired to appoint another person as a proxy these words should be deleted and the name and address of the proxy, who need not be a member of the Company, inserted.

\* Unless otherwise directed, and in respect of any other resolution properly moved at the meeting, the proxy will vote, or may abstain from voting, as he thinks fit.

**NOTES**

- (1) Only holders of Ordinary Shares are entitled to attend and vote at the Extraordinary General Meeting of the Company.
- (2) A holder of Ordinary Shares may appoint a proxy or proxies to attend, speak and vote on their behalf at the Extraordinary General Meeting. A proxy so appointed need not be a member of the Company.
- (3) To be effective, the Form of Proxy duly signed, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of authority, must be deposited at the offices of the Company’s registrars, Capita Asset Services, Shareholder solutions (Ireland), 2 Grand Canal Square, Dublin 2, Ireland not later than 48 hours before the commencement of the Extraordinary General Meeting.
- (4) If the Form of Proxy is given by a body corporate it must be given under its common seal or under the hand of an attorney or officer duly authorised.
- (5) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other registered holders and, for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
- (6) The appointment of a proxy does not preclude a shareholder from attending and voting at the Extraordinary General Meeting of the Company.
- (7) An alteration to the Form of Proxy should be initialed by the person who signs it.
- (8) Please indicate how you wish to vote by marking the appropriate box next to the listed resolution on the proxy form. You may direct your proxy to vote For, Against or to Withhold your vote. The Withheld option is provided to enable you to instruct your proxy not to vote on any particular resolution, however, a vote withheld in this way is not a ‘vote’ in law and will not be counted in the calculation of the proportion of votes ‘For and Against’ each resolution. If no specific directions as to voting are given by you marking a box on the proxy form, the proxy will vote or abstain from voting at his/her discretion.
- (9) The Company, pursuant to Regulation 14 of the Companies Act 1990 (Uncertificated Securities) Regulations 1996 specifies that only those Shareholders registered in the register of members of the Company as at 6:00 p.m. (Dublin time) on 4 February 2017 (or in the case of an adjournment as at 48 hours before the time of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at that time. Changes to entries in the register after that time will be disregarded in determining the right of any person to attend and/or vote at the meeting.
- (10) Shareholders who hold shares through CREST and who wish to appoint a proxy or proxies for the meeting or any adjournment(s) by using the CREST voting service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST voting service to be valid, the appropriate CREST

message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with Euroclear’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by no later than 11:30 a.m. (Dublin time) on 4 February 2017, or, in the case of an adjourned meeting, not less than 48 hours before the time appointed for the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Asset Services, Shareholder Solutions (Ireland) is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members may appoint a proxy or proxies electronically through CREST via Capita Asset Services, Shareholder solutions (Ireland) (ID 7RA08).

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Companies Act 1990 (Uncertificated Securities) Regulations 1996.

- (11) Members who wish to clarify any requirements in respect to completion of a proxy or their shareholding should do so in writing to Capita Asset Services, Shareholder solutions (Ireland), 2 Grand Canal Square, Dublin 2, Ireland or by phone on 01 553 0050 (+353 1 553 0050 if calling from outside Ireland). No other methods of communication will be accepted, in particular you may not use any electronic address provided in the Form of Proxy, or elsewhere in the Notice or in any related documents (including the Form of Proxy for use at the Extraordinary General Meeting) for any purposes other than those expressly stated.