THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended), who specialises in advising on the acquisition of shares and other securities if you are resident in the UK or, if not, from another appropriately authorised independent adviser.

If you have sold or otherwise transferred all of your Existing Ordinary Shares before the date that the Existing Ordinary Shares are marked "ex-entitlement" to the Open Offer by the London Stock Exchange, you should immediately send this document, together with the accompanying Form of Proxy and (if applicable) Application Form, to the stockbroker, bank or other agency through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, the Application Form should not be forwarded to, or transmitted in or into or from, any jurisdiction outside of the United Kingdom. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction.

This document is being sent to all Shareholders, but in relation to those Shareholders who are not Qualifying Shareholders it is being sent to them for information purposes only to enable them to exercise their rights as shareholders at the Extraordinary General Meeting.

It is expected that the suspension of the Existing Ordinary Shares will be lifted and trading in the Existing Ordinary Shares will resume from 7:30 a.m. on 16 March 2020. Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM and trading is expected to commence in the New Ordinary Shares at 8.00 a.m. on 2 April 2020. This document contains no offer of transferable securities to the public within the meaning of sections 85 and 102B of the FSMA, the Act or otherwise. Accordingly, this document does not constitute a prospectus within the meaning of section 85 of the FSMA and has not been drawn up in accordance with the Prospectus Rules or approved by, or filed with, the FCA or any other competent authority.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the FCA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

The Directors, the Proposed Directors (whose names, addresses and functions appear on page 12 of this document) and the Company (whose registered office appears on page 121 of this document) accept responsibility, both collectively and individually, for the information contained in this document and compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors, the Proposed Directors and the Company, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read this document in its entirety. An investment in the Company includes a significant degree of risk and prospective investors should consider carefully the risk factors set out in Part III of this document.

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redT energy plc

(Incorporated and registered in Jersey with registered number 92432)

Proposed acquisition of Avalon Battery Corporation
Placing of 479,363,312 new Ordinary Shares at 1.65 pence per share
Open Offer of up to 380,500,174 new Ordinary Shares at 1.65 pence per share
Admission of the Enlarged Share Capital to trading on AIM
Change of Company name to 'Invinity Energy Systems plc'
Consolidation of Ordinary Shares
and
Notice of Extraordinary General Meeting

Financial Adviser, Joint Broker and Joint Bookrunner

VSA capital

Nominated Adviser, Joint Broker and Joint Bookrunner

Investec Bank plc

The latest time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 31 March 2020. The procedure for acceptance and payment is set out in Part VIII of this document and, where relevant, in the Application Form.

Investec Bank plc, which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the FCA and the Prudential Regulation Authority, is acting as nominated adviser and joint broker to the Company and joint bookrunner in

connection with the proposed Acquisition, Placing, Open Offer and Admission and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of Investec or for advising any other person in respect of the proposed Placing, Open Offer and Admission or any transaction, matter or arrangement referred to in this document. Investec's responsibilities as the Company's nominated adviser and joint broker under the AIM Rules for Nominated Advisers are owed solely to London Stock Exchange and are not owed to the Company or to any Director or Proposed Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document.

VSA Capital Limited, which, in the United Kingdom, is authorised and regulated by the FCA, is acting as financial adviser and joint broker to the Company and joint bookrunner in connection with the proposed Acquisition, Placing, Open Offer and Admission and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of VSA Capital Limited or for advising any other person in respect of the Placing or Open Offer or any transaction, matter or arrangement referred to in this document. VSA Capital Limited's responsibilities as the Company's joint broker are owed solely to London Stock Exchange and are not owed to the Company or to any Director or Proposed Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Investec and/or VSA Capital by the FSMA or the regulatory regime established thereunder, neither Investec nor VSA Capital accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by them, or on their behalf, in connection with the Enlarged Group, the Ordinary Shares or the Placing, the Open Offer and Admission. Investec and VSA Capital accordingly disclaim all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement.

Notice of an Extraordinary General Meeting of redT energy plc, to be held at the offices of Osborne Clarke LLP, One London Wall, London EC2Y 5EB at 11.00 a.m. on 1 April 2020, is set out at the end of this document. To be valid, the accompanying Form of Proxy for use in connection with the Extraordinary General Meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Computershare Investor Services (Jersey) Limited, by not later than 11.00 a.m. on 30 March 2020 (or, if the Extraordinary General Meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting). Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the Extraordinary General Meeting should they so wish.

Shareholders who hold their Existing Ordinary Shares in uncertificated form in CREST may alternatively use the CREST Proxy Voting Service in accordance with the procedures set out in the CREST Manual as explained in the notes accompanying the Notice of Extraordinary General Meeting at the end of this document. Proxies submitted via CREST must be received by the issuer's agent (ID 3RA50) by no later than 11.00 a.m. on 30 March 2020 (or, if the Extraordinary General Meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting). The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Article 34 of the Companies (Uncertificated Securities) (Jersey) Order 1999. The appointment of a proxy using the CREST Proxy Voting Service will not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting should they so wish.

Qualifying non-CREST Shareholders will find an Application Form accompanying this document. Qualifying CREST Shareholders (none of whom will receive an Application Form) will receive a credit to their stock accounts in CREST in respect of the Open Offer Entitlements which will be enabled for settlement on 16 March 2020. Applications under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim arising out of a sale or transfer of Existing Ordinary Shares prior to the date on which the Existing Ordinary Shares were marked "ex-entitlement" by the London Stock Exchange. If the Open Offer Entitlements are for any reason not enabled by 3.00 p.m. or such later time as the Company may decide on 16 March 2020, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements credited to its stock account in CREST. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer. Applications for Excess Shares pursuant to the Excess Application Facility may be made by the Qualifying Shareholder provided that their Open Offer Entitlement has been taken up in full and subject to being scaled back in accordance with the provisions of this document.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer.

A copy of this document has been delivered to the registrar of companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and he has given, and has not withdrawn, his consent to its circulation. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 2 of the Control of Borrowing (Jersey) Order 1958 to the issue of securities in the Company. It must be distinctly understood that, in giving these consents, neither the registrar of companies nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the Company or for the correctness of any statements made, or opinions expressed, with regard to it.

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities, or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities in the United States. The New Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "**US Securities Act**"), or with any securities regulatory authority of any state or jurisdiction of the United States, and may not be offered, sold, taken up, exercised or transferred, directly or indirectly, in the United States, except pursuant to an exemption from or in a transaction not subject to the registration requirements of the US Securities Act (in each case, in compliance with any applicable securities laws of any state or other jurisdiction of the United States). No public offer of the New Ordinary Shares is being made in the United States.

None of the New Ordinary Shares, the Form of Proxy the Application Form, this document or any other document connected with the Transaction has been or will be approved or disapproved by the US Securities and Exchange Commission, or any other securities commission or regulatory authority of the United States, nor have any of the foregoing authorities passed comment upon or endorsed the merits of the offering of the New Ordinary Shares, the Form of Proxy, the Application Form, or the accuracy or adequacy of this document or any other document connected with the Fundraising. Any representation to the contrary is a criminal offence.

If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

The Directors and the Proposed Directors have taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the document, whether of facts or of opinion. All the Directors and Proposed Directors accept responsibility accordingly. It should be remembered that the price of securities and the income from them can go down as well as up.

A copy of this document is available, subject to certain restrictions relating to persons resident in certain overseas jurisdictions, at the Company's website www.redtenergy.com/.

IMPORTANT INFORMATION

1. General

Prospective investors should only rely on the information contained in this document. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised by the Company, the Directors, the Proposed Directors, VSA Capital or Investec. No representation or warranty, express or implied, is made by VSA Capital or Investec as to the accuracy or completeness of such information, and nothing contained in this document is, or shall be relied upon as, a promise or representation by VSA Capital or Investec as to the past, present or future. 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 representation must not be relied upon as having been so authorised. Without prejudice to any legal or regulatory obligation on the Company to publish a supplementary admission document pursuant to the AIM Rules for Companies, neither the delivery of this document nor any subscription made pursuant to this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Enlarged Group taken as a whole since the date of this document or that the information in it is correct as of any time after the date of this document.

The Company will update the information provided in this document by means of a supplement to it if a significant new factor, material mistake or inaccuracy arises or is noted relating to the information included in this document. Any supplementary admission document will be made public in accordance with the AIM Rules for Companies.

The contents of this document are not to be construed as legal, financial or tax advice. Each prospective investor should consult a legal adviser, an independent financial adviser duly authorised under the FSMA or a tax adviser for legal, financial or tax advice in relation to any investment in or holding of Ordinary Shares. Each prospective investor should consult with such advisers as needed to make its investment decision and to determine whether it is legally permitted to hold shares under applicable legal investment or similar laws or regulations. Prospective investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

Investing in and holding the Ordinary Shares involves financial risk. Prior to investing in the Ordinary Shares, prospective investors should carefully consider all of the information contained in this document, paying particular attention to the section entitled Risk Factors in Part III of this document. Prospective investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information contained in this document and their personal circumstances.

In connection with the Placing and Open Offer, VSA Capital and Investec and any of their respective affiliates, acting as investors for their own accounts, may acquire Ordinary Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Ordinary Shares and other securities of the Company or related investments in connection with the Placing or Open Offer or otherwise. Accordingly, references in this document to the Ordinary Shares being offered, subscribed, acquired, placed or otherwise dealt with should be read as including any offer to, or subscription, acquisition, dealing or placing by, VSA Capital and Investec and any of their respective affiliates acting as investors for their own accounts. VSA Capital and Investec do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

VSA Capital and Investec and their respective affiliates may have in the past engaged, and may in the future, from time to time, engage in transactions with, and provided various commercial banking, investment banking, financial advisory and other ancillary activities in the ordinary course of their business with the Company, in respect of which they have received, and may in the future receive, customary fees and commissions. As a result of these transactions, these parties may have interest that may not be aligned, or could possibly conflict, with the interests of investors.

2. Notice to overseas persons

The release, publication or distribution of this document and/or the accompanying forms in or into jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document comes who are not resident in the UK should inform themselves about, and observe, any

applicable restrictions. Persons who are in any doubt regarding such matters should consult an appropriate independent adviser in the relevant jurisdiction without delay. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. Any person (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward this document to a jurisdiction outside the UK should seek appropriate advice before taking any action.

Warning: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities, or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities in the United States. The New Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "**US Securities Act**"), or with any securities regulatory authority of any state or jurisdiction of the United States, and may not be offered, sold, taken up, exercised or transferred, directly or indirectly, in the United States, except pursuant to an exemption from or in a transaction not subject to the registration requirements of the US Securities Act (in each case, in compliance with any applicable securities laws of any state or other jurisdiction of the United States) No public offer of the New Ordinary Shares is being made in the United States.

Outside of the United States, the Placing Shares are being offered in "offshore transactions" in reliance on Regulation S under the US Securities Act.

The Ordinary Shares will not qualify for distribution under the relevant securities laws of the United States, Australia, Canada, the Republic of Ireland, the Republic of South Africa or Japan, nor has any prospectus in relation to the Ordinary Shares been lodged with, or registered. Accordingly, subject to certain exemptions, the Ordinary Shares may not be offered, sold, taken up, delivered or transferred in, into or from the United States, Australia, Canada, the Republic of Ireland, the Republic of South Africa, Japan or any other jurisdiction where to do so would constitute a breach of local securities laws or regulations (each a "**Restricted Jurisdiction**") or to or for the account or benefit of any national, resident or citizen of a Restricted Jurisdiction. This document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any Ordinary Shares to any person in a Restricted Jurisdiction and is not for distribution in, into or from a Restricted Jurisdiction.

3. Presentation of financial information

The report on historical financial information included in Part V of this document has been prepared in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom and the related consent to its inclusion in this document appearing in Part VI of this document has been included as required by the AIM Rules for Companies and solely for that purpose.

There was previously no statutory requirement for the financial statements of Avalon to be audited and as such a statutory auditor was not in place at 31 December 2016, 31 December 2017 and 31 December 2018. As a result, a statutory auditor did not observe the counting of the physical inventories at 31 December 2016, 31 December 2017 and 31 December 2018. PwC have been unable to satisfy themselves by alternative means concerning inventory quantities held at 31 December 2016 of $0, 31 December 2017 of $471,000 and 31 December 2018 of $399,000. As a result of these matters, PwC were unable to determine whether any adjustments might have been found to be necessary in respect of inventories. Since inventories enter into the determination of the financial performance, PwC were also unable to determine whether adjustments might have been necessary in respect of the loss for the years reported in the Financial Information Table in Section A of Part V of this document. PwC's opinion in respect of the state of the affairs of Avalon as at 31 December 2016, 31 December 2017 and 31 December 2018 and of the loss for the years then ended regarding the Financial Information Table is modified in this respect.

Unless otherwise indicated, the historical financial information in Part V of this document, including the Avalon's audited consolidated financial statements for the years ended 31 December 2016, 31 December 2017, 31 December 2018 and the unaudited consolidated historical financial information

for the six months to 30 June 2019 and the notes to those financial statements, has been prepared in accordance with IFRS as adopted by the EU.

4. Non-IFRS information

This document contains certain financial measures that are not defined or recognised under IFRS, including EBITDA. EBITDA results from group operating profit adjusted for depreciation and amortisation, share-based payments and exceptional items. Information regarding EBITDA or similar measures is sometimes used by investors to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. There are no generally accepted principles governing the calculation of EBITDA or similar measures and the criteria upon which EBITDA or similar measures are based can vary from company to company. EBITDA alone does not provide a sufficient basis to compare the Company's performance with that of other companies and should not be considered in isolation or as a substitute for operating profit or any other measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity.

5. Rounding

Certain data in this document, including financial, statistical and operational information has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data. Percentages in tables have been rounded and, accordingly, may not add up to 100 per cent.

6. Currency presentation

In the document, references to "pounds sterling", "£", "pence" and "p" are to the lawful currency of the United Kingdom and references to "US dollars", "$" and "cents" are to the lawful currency of the United States of America. Unless otherwise stated, the basis of translation of pounds sterling into US dollars for the purposes of inclusion in this document is $0.793/£1.00 (being the exchange rate prevailing on 12 March 2020 (being the latest practicable date prior to the publication of this document)).

Unless otherwise indicated, the financial information contained in this document has been expressed in pounds sterling. The Enlarged Group presents its financial statements in pounds sterling.

7. Cautionary note regarding forward-looking statements

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors' and the Proposed Directors' current intentions, beliefs or expectations concerning, among other things, the Enlarged Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the Enlarged Group's markets.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements. Factors that might cause such a difference, include, but are not limited to the risk factors set out in Part III of this document.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors' and Proposed Directors' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Enlarged Group's operations, results of operations, growth strategy and liquidity. Whilst the Directors and Proposed Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Prospective investors should therefore specifically consider the risk factors contained in Part III of this document that could cause actual results to differ before making an investment decision. Save as required by law or by the AIM Rules for Companies, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking

statements in this document that may occur due to any change in the Directors' or Proposed Directors' expectations or to reflect events or circumstances after the date of this document.

8. Presentation of market, economic and industry data

This document contains information regarding the Enlarged Group's business and the industry in which it operates and competes, which the Company has obtained from various third party sources. Where information contained in this document originates from a third party source, it is identified where it appears in this document together with the name of its source. Such third party information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

9. No incorporation of website information

The contents of the Company's website or any hyperlinks accessible from the Company's website do not form part of this document and prospective investors should not rely on them.

10. Interpretation

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at the section of this document under the heading "Definitions".

All times referred to in this document are, unless otherwise stated, references to London time.

All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

11. Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares are: (i) compatible with an end target market of (a) retail investors, (b) investors who meet the criteria of professional clients and (c) eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Investec and VSA Capital will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

CONTENTS

DIRECTORS, PROPOSED DIRECTORS, SECRETARY AND ADVISERS

Directors	Neil O'Brien (*Executive Chairman*)[1] Fraser Welham (*Chief Financial Officer*) Michael Farrow (*Non-executive Director*) Jonathan Marren (*Non-executive Director*) All of whose business address is at the Company's registered and head office
Proposed Directors	Lawrence (Larry) Zulch (*Chief Executive Officer*)[2] Matthew (Matt) Harper (*Chief Commercial Officer*)[3]
Registered Office	3rd Floor, Standard Bank House 47-49 La Motte Street St Helier Jersey JE2 4SZ
Company website	www.redtenergy.com
Company Secretary	Oak Secretaries (Jersey) Limited 3rd Floor Standard Bank House 47-49 La Motte Street St Helier Jersey JE2 4SZ
Financial Adviser, Joint Broker and Joint Bookrunner	VSA Capital Limited New Liverpool House 15 – 17 Eldon Street London EC2M 7LD
Nominated Adviser, Joint Broker and Joint Bookrunner	Investec Bank plc 30 Gresham Street London EC2V 7QP
Legal advisers to the Company as to English law	Osborne Clarke LLP One London Wall London EC2Y 5EB
Legal advisers to the Company as to Jersey law	Pinel Advocates One Liberty Place St Helier Jersey Channel Islands JE2 3BT
Legal advisers to Investec and VSA Capital	Pinsent Masons LLP 30 Crown Place Earl Street London EC2A 4ES

1 Non-executive Chairman following Admission

2 Following Admission

3 Following Admission

Auditors to the Company	PricewaterhouseCoopers LLP Atria One 144 Morrison Street Edinburgh EH3 8EX
Reporting Accountants to the Company	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Registrars	Computershare Investor Services (Jersey) Limited c/o The Pavilions Bridgwater Road Bristol BS99 6AH

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

"Act"	the Companies Act 2006 (as amended)
"Acquisition" or "Merger"	the proposed acquisition by the Company of the entire issued share capital of Avalon pursuant to the Acquisition Agreement
"Acquisition Agreement"	the conditional agreement dated 13 March 2020 between (1) the Sellers and (2) the Company, as more fully described on page 28 of Part I of this document
"Admission"	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
"AIM"	AIM, a market operated by the London Stock Exchange
"AIM Rules for Companies"	the AIM rules for companies published by the London Stock Exchange from time to time
"AIM Rules for Nominated Advisers"	the AIM rules for nominated advisers published by the London Stock Exchange from time to time
"Alberta"	1953621 Alberta Ltd
"Application Form"	the personalised application form accompanying this document on which Qualifying Non-CREST Shareholders may apply for Open Offer Shares under the Open Offer
"Articles"	the articles of association of the Company
"Avalon"	Avalon Battery Corporation
"Avalon Group"	together, Avalon and Avalon Battery (Canada) Corporation
"Basic Entitlement"	the entitlement to subscribe for Open Offer Shares, allocated to a Qualifying Shareholder pursuant to the Open Offer as described in Part VIII of this document
"Board" or "Directors"	the directors of the Company, whose names are set out on page 9 of this document, or any duly authorised committee thereof
"Bushveld"	Bushveld Vametco Limited, a company incorporated in Guernsey, having its registered office at 18-20 Le Pollet, St Peter Port, Guernsey.
"Bushveld Agreement"	the agreement between the Company and Bushveld dated 1 November 2019 concerning the conversion of the Bushveld Loan
"Bushveld Loan"	the $5 million convertible loan agreement between Avalon and Bushveld dated 1 November 2019
"Company" or "redT"	redT energy plc, a company incorporated and registered in Jersey under the Companies (Jersey) Law 1991 with registered no: 92432
"Companies Law"	the Companies (Jersey) Law 1991
"Consideration"	the Consideration Shares

"Consideration Shares"	the 1,735,397,545 new Ordinary Shares to be allotted and issued to the Sellers pursuant to the Acquisition Agreement
"Consolidated Ordinary Shares"	the consolidated ordinary shares of €0.50 each in the capital of the Company arising on completion of the Share Consolidation
"Conversion Shares"	the 297,978,107 new Ordinary Shares to be issued to Bushveld on completion of the Acquisition, pursuant to the Bushveld Agreement
"City Code"	the City Code on Takeovers and Mergers published by the Panel from time to time
"Concert Party"	for the purposes of the City Code, the persons set out in the paragraph headed 'The City Code on Takeovers and Mergers' of Part I of this document are presumed to be acting in concert
"Consultant Plan"	the Company's 2018 Consultant Share Option Plan, a share option scheme adopted by the board of director of the Company on 14 May 2018 to provide share options to consultants
"Completion"	completion of the Acquisition in accordance with the Acquisition Agreement
"CREST"	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and holding shares in uncertificated form which is administered by Euroclear
"CREST Manual"	the rules governing the operation of CREST consisting of the CREST Reference Manual, the CREST International Manual, the CREST Central Counterpart Service Manual, the CREST Rules, the CCSS Operations Manual, the Daily Timetable, the CREST Application Procedures and the CREST Glossary of Terms (as updated from time to time)
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended)
"CSOP Options"	Options granted under Schedule A of the Employee Plan, further details of which are set out in paragraph 9 of Part VI of this document
"EBITDA"	earnings before interest, tax, depreciation and amortisation
"Euroclear"	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales
"EU"	the European Union
"DTRs"	the Disclosure Guidance and Transparency Rules made by the FCA pursuant to section 73A of the FSMA from time to time
"EMI Options"	Options granted to under Schedule B of the Employee Plan, further details of which are set out in paragraph 9 of Part VI of this document
"Employee Plan "	the Company's 2018 Employee Share Option Plan, an employee share scheme adopted by the board of directors of the Company on 14 May 2018
"Enlarged Group"	the Existing Group and, subject to Completion, Avalon
"Enlarged Share Capital"	the issued Ordinary Shares upon Admission, comprising the Existing Ordinary Shares and the New Ordinary Shares

"Excess Application Facility"	the arrangement pursuant to which Qualifying Shareholders may apply for additional Open Offer Shares in excess of their Open Offer Entitlement in accordance with the terms and conditions of the Open Offer
"Excess CREST Open Offer Entitlements"	in respect of each Qualifying CREST Shareholder, an entitlement to apply for Open Offer Shares pursuant to the Excess Application Facility, which is conditional on them taking up his Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this document
"Excess Open Offer Entitlements"	an entitlement for each Qualifying Shareholder to apply to subscribe for Open Offer Shares in addition to his Open Offer Entitlement pursuant to the Excess Application Facility which is conditional on them taking up his Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this document
"Excess Shares"	Open Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility
"Ex-entitlement Date"	the date on which the Existing Ordinary Shares are marked "ex" for entitlement under the Open Offer, being 16 March 2020
"Executive Directors"	each of Fraser Welham, Neil O'Brien and with effect from Admission, Matt Harper and Larry Zulch
"Existing Group"	the Company and the Subsidiaries
"Existing Ordinary Shares"	the 951,250,436 Ordinary Shares in issue at the date of this document
"Extraordinary General Meeting"	the extraordinary general meeting of the Company to be held at the offices of Osborne Clarke LLP at One London Wall, London EC2Y 5EB at 11.00 a.m. on 1 April 2020, notice of which is set out at the end of this document
"FCA"	the Financial Conduct Authority
"Form of Proxy"	the form of proxy for use in connection with the Extraordinary General Meeting which accompanies this document
"FSMA"	the Financial Services and Markets Act 2000 (as amended)
"Fundraising"	together, the Placing and Open Offer
"Group"	the Company and its subsidiary undertakings
"HMRC"	Her Majesty's Revenue and Customs
"IFRS"	International Financial Reporting Standards
"Investec" or "Nominated Adviser"	Investec Bank plc, the Company's nominated adviser and joint broker and joint bookrunner to the Placing
"IP"	intellectual property
"Issue Price"	1.65 pence per New Ordinary Share
"London Stock Exchange"	London Stock Exchange plc
"MAR"	the Market Abuse Regulation (2014/596/EU)

"Material Adverse Change"	any adverse change in the business or financial and trading position or prospects of the Group or the Target Group which is material in the context of the Group and/or the Target Group and/or the Enlarged Group as a whole
"Money Laundering Regulations"	The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended
"Net Asset Value Per Share"	has the meaning set out in paragraph 3.14 of Part VI of this document.
"New Ordinary Shares"	the Consideration Shares, the new Ordinary Shares issued pursuant to the Placing, the Open Offer Shares and the Conversion Shares
"Non-executive Directors"	each of Jonathan Marren and Michael Farrow
"Notice of Extraordinary General Meeting"	the notice convening the Extraordinary General Meeting which is set out at the end of this document
"Official List"	the Official List of the FCA
"Open Offer"	the conditional invitation by the Company to Qualifying Shareholders to apply to subscribe for the Open Offer Shares at the Issue Price on the terms and subject to the conditions set out in this document and, in the case of Qualifying Non-CREST Shareholders, in the Application Form
"Open Offer Entitlement"	the individual entitlements of Qualifying Shareholders to subscribe for Open Offer Shares allocated to Qualifying Shareholders pursuant to the Open Offer
"Open Offer Shares"	up to 380,500,174 new Ordinary Shares to be issued by the Company pursuant to the Open Offer
"Option"	an option to acquire Ordinary Shares in the Company under the Share Option Schemes
"Option Holder"	a person who holds a subsisting Option
"Ordinary Shares"	ordinary shares in the capital of the Company having a nominal value of €0.01 each prior to the Share Consolidation becoming effective and having a nominal value of €0.50 each upon the Share Consolidation becoming effective
"Overseas Shareholders"	Shareholders with a registered address outside the United Kingdom
"Panel"	the Panel on Takeovers and Mergers
"Placing"	the conditional placing of the Placing Shares by Investec and VSA Capital as agents for and on behalf of the Company pursuant to the terms of the Placing Agreement
"Placing Agreement"	the conditional agreement dated 13 March 2020 and made between the (1) Company (2) VSA Capital (3) Investec (4) the Directors and (5) the Proposed Directors relating to the Placing, further details of which are set out in paragraph 14.1(a) of Part VI of this document
"Placing Shares"	the 479,363,312 new Ordinary Shares to be issued at the Issue Price by the Company pursuant to the Placing

"Proposed Directors"	each of Larry Zulch and Matt Harper
"Prospectus Rules"	the prospectus regulation rules made by the FCA pursuant to section 73A of the FSMA from time to time
"PwC"	PricewaterhouseCoopers LLP
"QCA Code"	the corporate governance code for small and mid-size quoted companies published by the Quoted Companies Alliance from time to time
"Qualifying CREST Shareholders"	Qualifying Shareholders holding Existing Ordinary Shares in uncertificated form
"Qualifying Non-CREST Shareholders"	Qualifying Shareholders holding Existing Ordinary Shares in certificated form
"Qualifying Shareholders"	holders of Existing Ordinary Shares on the register of members of the Company at the Record Date but excluding any Overseas Shareholder who has a registered address in any Restricted Jurisdiction
"Record Date"	11 March 2020
"Registrars"	Computershare Investor Services (Jersey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6AH
"Remuneration Committee"	the remuneration committee of the Company
"Resolutions"	the resolutions set out in the Notice of Extraordinary General Meeting
"Restricted Jurisdiction"	has the meaning set out on page 201 of this document
"Security Interests"	any Ordinary Shares; or (ii) securities convertible or exchangeable into or exercisable for or representing the right to receive any Ordinary Shares; or (iii) warrants or other rights to purchase Ordinary Shares representing the right to receive any such securities; or (iv) any security or financial product whose value is determined, directly or indirectly, solely by reference to the price of the underlying securities, including equity swaps and forward sales
"Sellers"	the shareholders of Avalon, as set out in the Acquisition Agreement
"Shareholder"	a holder of Ordinary Shares
"Share Consolidation"	the proposed consolidation of the Existing Ordinary Shares immediately prior to Admission such that each 50 Existing Ordinary Shares will be consolidated into one Consolidated Ordinary Share of €0.50 each in the capital of the Company
"Share Option Schemes"	together, the Employee Plan and the Consultant Plan
"Subsidiaries"	each of the Company's subsidiaries, as set out in paragraph 4 of Part VI of this document
"Target Group"	means Avalon Battery Corporation and its subsidiary undertakings
"Transaction"	together, the Share Consolidation, the Acquisition, the Placing, the Open Offer and Admission
"UK"	the United Kingdom of Great Britain and Northern Ireland

"UK Corporate Governance Code"	the UK corporate governance code published by the Financial Reporting Council from time to time
"uncertificated" or "in uncertificated form"	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which, by virtue of the CREST Regulations, may be transferred by means of CREST
"Unapproved Options"	Options granted under the unapproved parts of the Share Option Schemes, further details of which are set out in paragraph 9 of Part VI of this document
"US", "USA" or "United States"	the United States of America, each state thereof, its territories and possessions and the District of Columbia and all other areas subject to its jurisdiction
"VAT"	UK value added tax
"VSA Capital"	VSA Capital Limited, the Company's financial adviser and joint broker and joint bookrunner to the Placing
"Warrantors"	each of Andrew Klassen, Matthew Harper, Johnson Chiang and Lawrence Zulch

GLOSSARY

The following glossary of terms applies throughout this document, unless the context otherwise requires:

"kWh"	kilowatt hours, a measurement of energy. Each kWh represents the ability to store the equivalent of one thousand watts of electricity discharged continuously for one hour.
"MWh"	megawatt hours, a measurement of energy. Each MWh represents the ability to store the equivalent of one million watts of electricity discharged continuously for one hour.

ADMISSION, PLACING AND OPEN OFFER STATISTICS

Issue Price	1.65p
Number of Existing Ordinary Shares in issue at the date of this document	951,250,436
Number of Placing Shares being issued by the Company	479,363,312
Maximum number of Open Offer Shares to be offered by the Company	380,500,174
Number of Consideration Shares being issued by the Company	1,735,397,545
Number of Conversion Shares being issued by the Company	297,978,107
Open Offer Entitlement under the Open Offer	2 Open Offer Shares for every 5 Existing Ordinary Shares
Enlarged Share Capital following issue of the New Ordinary Shares*	3,844,489,575
Number of Ordinary Shares in issue following the Share Consolidation*	76,889,791
Percentage of Enlarged Share Capital represented by the Placing Shares*	12.5%
Percentage of Enlarged Share Capital represented by the Open Offer Shares*	9.9%
Percentage of Enlarged Share Capital represented by the Consideration Shares*	45%
Percentage of Enlarged Share Capital represented by the Conversion Shares*	7.8%
Market capitalisation of the Company at the Issue Price on Admission*	£63.43 million
Total proceeds of the Placing	£7.9 million
Estimated expenses of the Placing	£0.8 million
Estimated net proceeds of the Placing receivable by the Company	£7.1 million
Total proceeds of the Open Offer*	£6.3 million
ISIN number	GB00811FB960
SEDOL number	BF11FB96
AIM TIDM	RED
LEI number	213800N2NKOTYUNRCU14

Notes:

1. Each of the above is calculated on the basis that the Share Consolidation is approved at the Extraordinary General Meeting and occurs immediately prior to Admission.

* Assuming full take-up under the Open Offer.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2020
Record Date for entitlement under the Open Offer	11 March
Announcement of the Transaction	13 March
Publication of this document, Proxy Form and, to Qualifying Non-Crest Shareholders, the Application Form	13 March
Trading of Existing Ordinary Shares resumes on AIM	7.30 a.m. on 16 March
Ex-entitlement date of the Open Offer	16 March
Open Offer Entitlements and Excess Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders	8.00 a.m. on 17 March
Latest recommended time and date for requested withdrawal of Basic Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	3.00 p.m. on 25 March
Latest time and date for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST	3.00 p.m. on 26 March
Latest time and date for splitting of Application Forms under the Open Offer	3.00 p.m. on 27 March
Latest time and date for receipt of Forms of Proxy and CREST voting instructions	11.00 a.m. on 30 March
Latest time and date for receipt of Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on 31 March
General Meeting	11.00 a.m. on 1 April
Results of the General Meeting and the Open Offer announced	1 April
Admission and dealings in the New Ordinary Shares expected to commence on AIM	8.00 a.m. on 2 April
Where applicable, expected date for CREST accounts to be credited in respect of New Ordinary Shares in uncertificated form	2 April
Where applicable, expected date for despatch of definitive share certificates for New Ordinary Shares in certificated form	within 14 days of Admission

Notes:

1. Each of the above dates is subject to change at the absolute discretion of the Company, VSA Capital and Investec.

PART I

LETTER FROM THE CHAIRMAN

redT energy plc

THE EXISTING COMPANY'S BUSINESS

INTRODUCTION

Renewable energy has revolutionised the global power sector. Every year, wind and solar power capacities are increasing by 20 per cent. and 40 per cent. respectively, with half of all new generating capacity installed globally in the last 24 months classed as renewable. This structural shift in the world's electricity supply has generated significant opportunities for energy storage, which is considered a proven, viable solution to the primary drawback of renewable energy, intermittency. As such, safe, effective, economic energy storage is now a key part of the global energy transition and viewed by the World Energy Council as "instrumental in the grand energy transition" in a recent report. redT energy are experts in the provision of energy storage solutions, based on proprietary vanadium redox flow battery ("**VRFB**") technology, which unlocks reliable, low-cost, low-carbon renewable generation for businesses, industry and electricity networks globally.

To meet the opportunity represented by the global growth in requirements for energy storage, and to achieve the necessary scale and size, on 25 July 2019, the Company announced it had agreed to outline terms for a proposed merger (the "**Merger**") with Avalon Battery Corporation ("**Avalon**"), another key contender in the VRFB industry. The Merger will constitute a reverse takeover ("**RTO**") of redT by Avalon under the AIM Rules for Companies and, in accordance with the AIM Rules for Companies, trading in redT shares was suspended until such time as this admission document relating to the Merger is published or confirmation is given that the Merger is no longer proceeding.

The Company announced today that the Acquisition Agreement relating to the Merger has now been signed and the merger will complete subject to *inter alia* shareholder approval and the company raising sufficient new funds.

On 25 July 2019 the Company announced that it was intending to raise £24 million of new funds to drive the growth and development of the Enlarged Group. £3.8 million of those funds has been received as announced on 1 November 2019 in the form of a loan from Bushveld Minerals Limited ("**Bushveld**"). Upon completion of the Merger, that loan will convert into Ordinary Shares in the Company. A further $1.8 million (£1.4 million) of convertible funds has also been raised by Avalon, which will also convert into Ordinary Shares in the Company upon completion of the Merger, meaning that £5.2 million of the £24 million has been received.

The Company was therefore planning to raise an additional £19 million, but the recent Coronavirus outbreak has significantly affected equity markets. The Company has therefore arranged a £3 million medium-term convertible loan facility that will provide additional funding over the next two years. The key terms of this Riverfort Facility, including the applicable interest rates, are set out in paragraph 14.1 of Part VI of this document. The Board is also pleased to announce that it has conditionally raised approximately £7.1 million (net of expenses) by way of a placing of 479,363,312 new Ordinary Shares at a price of 1.65 pence per Ordinary Share to existing and other institutional investors pursuant to the Placing.

The Board recognises that these amounts are less than the funds needed to pursue the original business plan and accordingly the Board has amended its plans. This will necessitate taking prompt appropriate action to reduce costs to a level that enables the Company to deliver the existing contracts whilst continuing to develop market opportunities for its products, albeit on a more limited basis than had been planned. On this basis, the Board considers that it has a reasonable basis to make the working capital statement set out in paragraph 15 of Part VI of this document. If the envisaged revenues are not forthcoming in the near term, the Group would require further funding in 18 – 24 months. While the growth of the business may be slower than was originally planned, the Board is confident that major projects such as the recently announced Energy Superhub Oxford will continue to be delivered and the Company will be able to continue product development and generate new sales. Notwithstanding this, the Group may require further equity funding in the medium to longer term to provide the capital to deliver on its longer-term strategic objectives.

The Board also recognises and is grateful for the continued support received from Shareholders and is pleased to offer to all Qualifying Shareholders the opportunity to participate in an Open Offer to raise up to £6.28 million (assuming full take up of the Open Offer but being less than the €8 million maximum amount permitted without requiring the publication by the Company of a prospectus under the Prospectus Rules). The Open Offer is not being underwritten and so the Board has not relied on the proceeds of the Open Offer in making its cost reduction plans. To the extent that further funds are raised by way of the Open Offer, the Company will be able to accelerate its plans and the further opportunities for the business will open up. The Open Offer is being made to Qualifying Shareholders on the basis of 2 Open Offer Shares for every 5 Existing Ordinary Shares at a price of 1.65 pence per Ordinary Share.

The Issue Price represents a premium of 53 per cent. to the closing middle market price of 1.08 pence per Ordinary Share on 25 July 2019, the date trading in redT's shares was suspended due to the RTO process, and a premium of 18 per cent. to the average price during the 90 trading days prior to 25 July 2019 of 1.4 pence per Ordinary Share. The new Ordinary Shares issued pursuant to the Placing and the Open Offer Shares together will represent approximately 22.4 per cent. of the Company's issued ordinary share capital following Admission (assuming the Open Offer Shares are taken up in full).

The total amount that the Company could raise under the Placing and Open Offer is £14.2 million (before expenses), assuming that the Open Offer is fully subscribed.

The Placing and the Open Offer are conditional, inter alia, upon the Company obtaining approval from its Shareholders to grant the Board authority to allot the New Ordinary Shares and to disapply statutory pre-emption rights which would otherwise apply to the allotment of the New Ordinary Shares.

It is expected that the suspension of the Existing Ordinary Shares will be lifted and trading in the Existing Ordinary Shares will resume from 7:30 a.m. on 16 March 2020. Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM and trading is expected to commence in the New Ordinary Shares at 8.00 a.m. on 2 April 2020.

The purpose of this document is to set out the principal terms of the Acquisition, the Placing and the Open Offer and to explain why the Directors believe that the Acquisition, the Placing and the Open Offer are in the best interests of the Company and Shareholders as a whole and to recommend that Shareholders vote in favour of all of the Resolutions at the Extraordinary General Meeting. The Directors have irrevocably undertaken to vote in favour of the Resolutions in respect of their beneficial holding of Ordinary Shares, comprising an aggregate number of 10,880,049 Ordinary Shares (being 1.14 per cent. of the Existing Issued Share Capital).

In summary, and as will be demonstrated in more detail below, it is the belief of the Board that combining two highly experienced VRFB companies will create a leading company in flow battery energy storage, well-positioned to take advantage of the opportunity represented by the global growth in requirements for energy storage.

The Enlarged Group will, subject to shareholder approval, launch under a new name: Invinity Energy Systems ("**Invinity**") and a new stock symbol "IES". By uniting the relative strengths of the redT and Avalon businesses under one brand, Invinity aims to become the market leader within the flow battery industry, utilising its experience and resources to compete effectively on a global scale and play an important role in the global energy transition.

THE EXISTING COMPANY'S HISTORY

redT's core technology, developed over the course of more than a decade, is proven and protected with patents and other IP. The Company launched its first ("**Gen 1**") VRFB to market in 2016.

Generation 2 ("**Gen 2**") VRFBs were launched in 2017. Utilising learnings gained from a successful Gen 1 'market seeding' programme, Gen 2 incorporated design enhancements for manufacture, a reduction in the number of material components, and an associated reduction in raw material and assembly costs which, together reduced the cost of the machine to a level where it was commercially viable for more customers. The Company made sales totalling 2.7 MWh into commercial applications in the UK, Mainland Europe, Australia, Sub Saharan Africa, and South East Asia.

Generation 3 ("**Gen 3**") – in June 2018 the Company launched its Gen 3 product at EES (Electrical Energy Storage) Europe in Munich, Europe's largest and most international exhibition for batteries and energy storage systems. To date, the company has delivered in excess of 4.5MWh of its energy storage systems to a broad range of applications across the world.

During the course of 2019, the Company identified an opportunity in the market to use its expertise in energy storage to take a role in larger scale projects. These projects offer attractive energy storage-based solutions to customers and competitive long-term, infrastructure returns for investors. For redT they can generate not only significant, profitable sales but also the opportunity for long-term revenue streams from service and warranty arrangements.

CURRENT TRADING, OPERATIONAL TRENDS AND PROSPECTS

Since March 2019, redT has continued to make commercial progress, significant highlights of which are detailed below:

Solar + Storage partnership with Statkraft – on 25 March 2019, the Company announced it had signed a heads of terms to partner with Statkraft, Europe's largest generator of renewable energy, to provide a fully financed 'solar plus storage' solution to UK commercial and industrial customers. This is the first time a solar plus storage product, financed under a Power Purchase Agreement model has been offered to the UK market.

First UK grid-scale project – on 3 April 2019, the Company announced it had received a signed purchase agreement to supply 5MWh of vanadium flow batteries as part of a consortium of companies delivering an overall £41 million grid-scale project in Oxford, UK. The project, known as the Energy Superhub Oxford, will showcase a cutting-edge electric vehicle charging network alongside the largest vanadium/lithium hybrid energy storage system ever deployed and a range of low-carbon heating and smart energy management technologies. Site planning permission was granted on 22 July 2019, followed by a provisional notice to proceed, which was received 9 March 2020. Manufacturing for flow batteries for the project has now commenced.

Qualification for UK frequency response service – on 26 July 2019, the Company announced that one of its 300kWh VRFBs, situated at a customer site in Southern England, has successfully gained pre-qualification status to provide Dynamic Firm Frequency Response services to the UK grid following testing conducted by leading UK aggregator, Open Energi. The service plays a vital role in balancing frequency volatility on the UK network caused by plant outages and other destabilising events. Until now, ancillary services such as this have been mainly supplied by conventional lithium-ion batteries, conventional power plants and demand-side response mechanisms. This achievement by redT is the first time that heavy-cycling flow batteries have qualified for this market.

First Gen 3 machine installed – in December 2019 the Company's first Gen 3 machine was installed at Anglian Water's site in Norfolk, UK where it is awaiting the customer to complete the connection to the electricity grid before it can go into operation. Once this machine is operational, there are significant follow-on opportunities to optimise energy storage across other of Anglian Water's water treatment sites via a Collaborative Partnership agreement.

Vanadium Financing Partnership with Bushveld Minerals – On 9 March, the Company announced it had concluded an agreement with AIM-listed integrated vanadium producer Bushveld Minerals ("Bushveld") to create a vanadium financing partnership (the "Partnership"), which the Company intends to utilise to provide the vanadium electrolyte for the previously announced ESO project. The Partnership, which will be owned by redT and Bushveld, will take the form of a special-purpose vehicle structured to hold vanadium, then provide the option to rent that material to the Company's current and future commercial pipeline on a project by project basis. Within this framework, Bushveld has made an initial commitment to supply vanadium for approximately 15 MWh of VRFBs. Further details and developments will be communicated in due course.

These key commercial advances, combined with the Company's experience in manufacturing, deploying and operating VRFB technology, are highly complementary to the key strengths of Avalon, which are detailed below.

Following the Interim Funding on 1 November 2019, advisors were fully engaged to progress the merger process including financial audit work and legal due diligence. This has resulted in a step up in administrative costs since the beginning of November.

The Enlarged Group continues to have a number of ongoing product development and strategic investment discussions with various parties.

Looking to the year ahead, there is uncertainty over the impact of coronavirus (COVID-19) on the global economy and the level of demand for energy storage. Our near term client focus is on European and North American projects. The Board will continue to monitor developments in respect of this matter and any potential impact on the Enlarged Group's operations.

SUMMARY INFORMATION ON AVALON

Avalon Battery Corporation ("**Avalon**") was founded in 2013 by flow battery industry veterans whose experience dates back to 2005 following VRB Power Systems Inc. acquiring licenses for VRFB technology in 2001, and subsequently delivering North America's first VRFB project. Avalon is a Delaware Corporation with offices in the San Francisco area, operations in Vancouver, Canada through its wholly owned subsidiary Avalon Battery (Canada) Corporation and an outsourced manufacturing facility in Suzhou, China.

Avalon was founded on the principle that VRFBs need to be treated as products, built in a factory to identical specifications, rather than projects to be designed and engineered for each site. Avalon's founders believed that this approach would result in lower cost, greater reliability, and an ability to rapidly increase production to meet growing demand.

Avalon's team has over 140 years of combined experience in VRFB development, and has been involved in the deployment of over 15MWh of VRFB projects since 2005, with over 50 related independent patents filed during this time.

Avalon deployed its first-generation VRFBs in 2016 to a logistics business and a solar equipment developer both in Fremont, California. The very first installation of an Avalon first generation VRFB is still operating, having logged the equivalent of more than 25 years of cycling in an industrial setting.

Avalon's second-generation VRFB was launched in 2017, with improved energy capacity, performance and manufacturability, leading to improved product quality and cost reduction. In 2019, Avalon's third-generation VRFB was delivered and entered service, featuring 30 per cent. more energy storage capacity, higher efficiency and a lighter, lower-cost steel-work.

To date, more than 160 Avalon VRFBs have been deployed, across three generations into projects in North America, East Asia, Australia and Europe. Avalon's products are now installed at over 20 sites, with the largest installations being an approximately 2 MWh array in Qinghai, China, and a 1 MWh array in Iowa, USA. Avalon also has installations with LADWP (Los Angeles Department of Water and Power, the largest municipal utility in the United States and the third-largest utility in California) and Southern Research (the research arm of Southern Company, the second largest utility company in the United States in terms of customer base).

Avalon's VRFBs are one of the first flow batteries to receive Underwriters Laboratories certification to UL 1973, and are approved for shipping full of electrolyte, allowing them to be shipped "wet" (with electrolyte installed) from the factory; this eliminates costly additional shipping and filling of electrolyte at site, and allows the units to be delivered to customers in a fully functional, factory-tested state, reducing commissioning times.

BACKGROUND TO AND REASONS FOR THE MERGER

In 2018, the Company was facing a number of challenges in moving from development to commercialisation. While the importance of energy storage had become widely acknowledged and a number of major projects were in the sales pipeline, the projects themselves, being complex and the first of their kind, were slow to close, with production volume not great enough to benefit from significant economies of scale, and vanadium prices were above long-term averages for large parts of the year. Changes in the German secondary control reserve ("**SCR**") market-bidding mechanism also generated uncertainty and undermined investor confidence, which introduced delays for a portfolio of projects on which the Company was progressing towards financial close. In early 2019, it became clear that the Company needed additional funding and a broader relationship with a strategic partner to unlock the value of a strong pipeline of commercial interest.

During this same period, in 2018 and early 2019, Avalon Battery had refined its factory-built VRFBs and had deployed them in projects ranging in size up to 2MWh. Apart from Avalon's cell stacks, which were manufactured in Vancouver, Canada, these VRFBs were built entirely in Avalon's manufacturing

partner's factory in China. Avalon's projects were numerous enough and of sufficient size to demonstrate the value and utility of Avalon's approach and on this basis, management decided to seek additional investment through traditional funders and strategic relationships in order to support future growth plans.

Both companies met to discuss a proposed merger in mid-2019 and over subsequent meetings, it rapidly became clear that there are a number of key areas where synergies could provide significant benefit to both parties and enable the Enlarged Group to address the large and rapidly growing market for energy storage.

redT's expertise in energy project analysis has enabled the Company to find viable projects even with product costs that are higher than those of Avalon's VRFBs. By combining Avalon's product cost advantages and redT's project analysis expertise, significant new commercial opportunities are expected to emerge. In addition to this, a number of projects initially targeted by redT that were not pursued because they didn't have an adequate return, have favourable economics when using Avalon's product costing. In addition, the breadth of geographic coverage (namely the addition of North American and Asian markets to redT's current focus areas of UK, Europe, Africa and Australia) by the Enlarged Group will allow a focus on projects that are most compelling and profitable for the business.

Finally, there are operational and production improvements beyond the transition to more standardised manufacturing processes. Overheads common to both companies can be efficiently allocated, and final assembly can be undertaken at the Suzhou factory for Asia, the Vancouver, BC facility for North America, and in Livingston, Scotland, for the UK and EU.

The result of meetings at an executive level, in addition to cross-company discussions within technical, sales and marketing teams strongly support the premise that together, the two companies could more successfully deliver VRFBs into the market in a commercial and profitable fashion than either could on their own. Invinity Energy Systems was chosen to represent not only the robustness and long cycle life of vanadium flow technology but to signify a new chapter in both companies' collective corporate history.

The key areas supporting the rationale behind the Merger have been summarised below:

Gain long-term financial stability as a base for rapid growth

On Completion of the Merger and associated fundraise, Invinity will enjoy a position of relative financial stability amongst its peers. This will allow Invinity to achieve the scale required to compete in a global market currently dominated by large incumbent lithium-ion manufacturers from Asia and the United States.

Create a market leader with strong competitive advantages

Invinity will combine two development-stage leaders in the VRFB sector with the intention of creating a global leader in flow batteries. The group will have one of the most experienced teams ever assembled – combining 250 years' energy industry experience between them.

The improved resources, expertise, and combined team experience Invinity will possess is another important competitive advantage against potential new market entrants and industry incumbents. This will support a strong continuing product development roadmap, commitment to substantial growth in revenue, and key improvements in manufacturing capabilities and the associated supply chain which will be realised as part of a successful merger.

Establishing Invinity as a competitive player on a global scale will allow the Enlarged Group to drive new standards and establish aggressive competitive benchmarks for grid-connected energy storage. Lithium-based solutions have limitations in their safety, durability and recyclability, which represents a key opportunity for safe, long-life, fully recyclable VRFBs.

Offer a VRFB which can compete directly with other energy storage technologies

Invinity will utilise the aforementioned experience of its teams to combine the best cost-down engineering advancements of Avalon's technology with redT's project and application experience and sophisticated commercial business models to unlock new markets, applications and other commercial opportunities afforded by an estimated 40 per cent. reduction in product costs which the Enlarged Group hopes to achieve over the next 36 months.

Commercial Prospects

In order to give a better insight into Invinity's commercial prospects, the Directors have adopted a different approach to analysing the merged pipeline. Both the Company and Avalon maintain customer relationship management (CRM) systems which track the progress and status of live sale enquiries. These systems will be combined as part of the integration. The enquiries within these data bases have, and will continue to be, thoroughly reviewed and divided into three categories:

BASE – projects for which manufacturing is expected to start within the next 12 months. This includes projects where there is already a signed order, projects that are in the process of closing or projects considered highly likely to close. Full energy requirement analyses will have been conducted and shared with the potential customers on these projects and if not yet closed, contract details will be being negotiated.

UPSIDE – enquiries that are not so advanced as those in the "Base" category but are still considered likely to result in an order in the near term. Detailed analysis of the customers' requirements will be underway and initial discussion on contract terms started. Projects in this category have the potential to add to projects in the "Base" category or compensate for them should they be lost or delayed.

PIPELINE – these are enquiries which are at an earlier stage. They will have had an initial analysis conducted to ensure they are an appropriate application for VRFB technology and fit with Invinity's strategy and so are being actively pursued.

The table below shows the Board's analysis of Invinity's commercial prospects as at the end of February 2020. These estimates do not represent forecasts of the future financial performance of the Group.

Stage	*Base*	*Upside*	*Pipeline*	*Total*
Battery modules	394	603	3,083	4,080
Energy capacity	14MWh	24MWh	123MWh	161MWh

Also, due to the nature of energy projects there will usually be a delay of several months between signing an order, delivery and completion of installation. This delay will likely increase with the size and complexity of the overall energy project. This results in a delay between closing orders and recognition of revenue in the Group's financial statements.

MARKET OVERVIEW

Industry analysts remain bullish on the global energy storage market growth. Bloomberg New Energy Finance predict the sector will receive approximately $620 billion in new investment by 2040 with market growth projections at nearly 900 per cent. between 2017 and 2022. Against this background, VRFBs are expected to capture around 18 per cent. of a total addressable stationary energy storage market by 2027. This positive sentiment is supported by various intergovernmental organisations including the World Energy Council who view energy storage as "instrumental in the grand energy transition" in a recent report[4].

Post-merger, Invinity will be active across all major energy storage markets identified by WoodMac in a recent report, including the US, UK, Europe, Australia, South Korea and Canada.

The rapid growth in energy storage over recent years has been driven by a number of key macro factors, most notably the global energy transition towards low-carbon renewable generation which has accelerated in recent years as the world's largest economies set increasingly aggressive decarbonisation targets. Below are summarised three key global trends which the Company believe will continue to drive further growth in the sector and generate significant demand for its products for the foreseeable future.

4 https://www.worldenergy.org/assets/downloads/ESM_Final_Report_05-Nov-2019.pdf

Falling costs are driving widespread adoption of renewable energy generation

According to the BNEF 2019 New Energy Outlook report, solar and wind costs have reduced by 85 per cent. and 49 per cent. respectively since 2010 and today, and are the cheapest form of electricity generation across more than two-thirds of the world. Within the next decade, they are expected to undercut almost all global commissioned coal and gas generation, without the assistance of subsidies or other incentives.

By 2050, Wind and Solar power will make up almost 50 per cent. of world electricity supply with Europe and Australia leading the race for decarbonisation, followed by the more gas and coal dependant economies of the US and China.

Energy storage capacity is a key requirement for deep renewable energy penetration

Energy storage can be used to smooth or 'firm' renewable generation, overcoming the key intermittency drawback of renewable energy vs. conventional fossil fuel generation. Alongside other 'flexibility' technologies, energy storage (including but not limited to flow batteries) are seen by many as an essential part of the energy transition. BNEF expect energy storage to pay a key role in enabling solar and wind generation to reach 80 per cent. penetration in certain markets across the world. As such, energy storage installations (excluding pumped hydropower) are expected to reach 2,850GWh by 2040 – a 122-fold increase in capacity from 2018 figures.

Structural changes to global energy markets and consumer behaviour

The global energy transition is driving structural change across energy markets and creating significant opportunities for energy storage. Both consumers' and producers' behaviour is evolving rapidly and the traditional roles and business models of utility companies and other key market actors are changing. For example, growing adoption of electric vehicles and a move to electrify heating networks is changing how and when the world uses its electricity. These changes put strain on existing grid networks, creating supply and demand mismatches which can only be managed through the widespread deployment of flexible technologies such as energy storage.

Energy systems are becoming increasingly decentralised, as more homes and businesses choose to install renewables such as solar panels on site to meet their electricity demand directly. This opens up new opportunities for energy storage "behind-the-meter" – allowing end users to store excess generation for use when they need it, offsetting expensive peak electricity tariffs for example. This segment has been and will continue to be a key application for VRFBs in the years to come with markets across Europe, Australia and in US states such as California identified as strong markets for Invinity's products.

These global trends are not confined to developed nations. Less developed countries and those without reliable national grid networks are increasingly looking to reduce their reliance on diesel generation – another area where renewable + energy storage decentralised energy systems are being increasingly considered. In fact, some less-developed nations hope to leapfrog the centralised electric grid architecture common in developed countries with a more resilient distributed architecture, much like they leapfrogged widespread deployment of wired telecommunications in favour of moving directly to wireless communication technologies.

Within this context, the Board believe that Invinity, as a leading player within the flow battery industry, will be in a strong position to secure a significant segment of this available market opportunity, driving long term shareholder value as a result.

INVINITY ENERGY SYSTEMS' STRATEGY

Initially, Invinity will pursue a strategy with three primary components, work on which is already underway:

Integrate redT and Avalon into a unified company that produces a compelling VRFB built on the strengths of both companies.

- Implement a common vision for products, processes and systems, launched under the new Invinity Energy Systems brand.
- Synchronise sales and marketing efforts into a unified commercial strategy.

- Address any redundancies and skills gaps across the entire business.
- Cultivate a joint company culture focussed on employee empowerment, accountability for results and delivery of tangible value for all stakeholders.

Focus Invinity on the most compelling commercial opportunities

- Conduct a comprehensive evaluation of the respective sales pipelines. Assess performance, schedule and operational requirements, alongside the opportunity risk profile and the degree to which individual projects are accretive to the Company's long-term strategic vision.
- North America, particularly the Western United States, the UK, and Australia will be among the immediate target markets for sales. Secondary markets are expected to be continental Europe, S.E Asia and sub-Saharan Africa. Outside of these regions, only projects that meet high standards for revenue size, profitability, and strategic relevance will be pursued.
- Three principle applications will be targeted. These are broadly aligned with the existing focus of the company and include:
    - Commercial and Industrial ("**C&I**") customers looking to reduce energy costs or use more renewable energy;
    - Grid service providers ("**GSPs**") – asset owners, developers or aggregators involved in the provision of flexibility services to grid networks who can utilise VRFBs to improve the economics of their projects and access additional revenue streams; and
    - Utilities and wholesale energy market participants – firms engaging in wholesale market trading activity or large-scale generation can use VRFBs to balance their portfolios or improve revenues through arbitrage and other associated activity

Execute against the opportunity with efficiency.

- Production capabilities, including any required capital expenditures, will be developed to support the sales plan with contingencies for outcomes both lower and higher than projected.
- It is currently planned for Invinity to continue building cell stacks in Vancouver, B.C., Canada, and to initiate a parallel stack manufacturing line at the Company's facility in Livingston, Scotland when demand warrants.
- Manufacture of the core VRFB module will be undertaken with a focus on the reduction of headline costs – enclosure, tanks, pumps, and other balance of system ("**BOS**") components – will continue in Suzhou, China at a dedicated facility run by Avalon's manufacturing partner. Other module manufacturing facilities may be brought online in the future to meet demand.

COMPETITIVE POSITION

Public market investment proposition

Invinity represents a rare opportunity for investors wishing to gain direct exposure to energy storage technology, specifically flow batteries, within the regulatory framework of the public markets. The Company is currently the only 'pure-play' flow battery company traded on the London Stock Exchange and one of only a handful of public companies worldwide who solely engage in activity related to the development and deployment of flow battery technology. The Company is also a holder of the London Stock Exchange Green Economy Mark, a subsection of London Stock Exchange companies marked out for their contribution to supporting the low carbon economy.

Competitive position verses market incumbents

While many different stationary energy storage technologies exist today, Lithium-ion is considered the *de facto* primary competitor to flow batteries and the incumbent market leader. Lithium-ion battery technology is mature, given its widespread use within consumer electronics since the 1990s. It also benefits from well-developed, efficient supply chains and significant global manufacturing capacity built off its successes in mass-manufactured consumer electronics and (more recently) the global Electric Vehicle revolution.

However, flow batteries are now seeing increased interest due to, amongst other benefits, their ability to 'shift' large volumes of energy, their lack of degradation in operation and long service life, according to a H2 2019 industry report by energy industry consultancy Aurora Energy Research.

Importantly, whilst upfront capital costs of VRFBs are higher today than those of lithium-ion, the total cost of ownership of the asset over a 20 year project life is broadly competitive between the two. This is due to a lithium-ion battery requiring replacement after around 5,000 cycles due to degradation, whereas a VRFB can continue to operate for 20,000 cycles or more without the need to replace the whole system. This characteristic means that VRFBs can generate more attractive returns than lithium-ion batteries in certain applications, specifically those requiring multiple, daily, charge/discharge cycles i.e. solar 'firming' and peak-shaving for industrial sites – a key market segment for Invinity and its VRFB products.

Safety and recyclability are also a key areas of competitive advantage for VRFBs over lithium-ion, being non-flammable in nature and containing electrolyte that can be fully recycled. VRFBs often represent a more robust, safe and long-term solution for project owners concerned about safety and end-of-life costs following recent publicity around high-profile fires at lithium battery sites. This is becoming a more prevalent issue as energy storage markets including South Korea, Australia and key US states including New York move to implement stringent safety requirements for Lithium-ion battery installations.

Competitive position versus other flow batteries

Besides Invinity, there are a number of other companies active within the flow battery industry, utilising a broad range of different 'redox' chemistries. Invinity utilises the most established and stable Vanadium-Vanadium chemistry, preferring the reliability inherent in this option over less proven alternatives used by other market participants including; Zinc-Bromide, Copper-Zinc and Iron-Chromium.

More generally, redT and Avalon Battery are considered to be amongst the key 'contenders' within the flow battery industry, according to a 2019 report by Navigant Research. Combined, redT and Avalon have deployed almost 10MWh to date, at more than 40 sites, in 14 different countries across a broad range of applications.

In summary, the Merger intends to generate a number of benefits which will enable the Enlarged Group to compete more effectively both within the flow battery industry and the wider battery storage space. This includes a broader sales footprint, increased R&D capabilities and engineering experience and numerous system cost reduction opportunities which will be realised by a successful merger.

PRINCIPAL TERMS OF THE ACQUISITION

The Company and the Sellers entered into the Acquisition Agreement on 13 March 2020 pursuant to which the Company agreed to acquire and the Sellers agreed to sell their respective shares in Avalon.

The consideration for the Acquisition is £28.6 million, which will be satisfied on Completion by the issue of 1,735,397,545 Consideration Shares at the Issue Price.

Completion of the Acquisition is conditional on the approval of the Resolutions at the General Meeting, the Placing Agreement not having been terminated and Admission occurring. If the conditions to Completion are not satisfied by 2 May 2020 (or such later date as the Company and the Sellers may agree) or any fact occurs which prevents the conditions from being satisfied by that date, the parties may elect to terminate the Acquisition Agreement.

The Acquisition Agreement contains customary warranties relating to the Sellers' ownership and title to their shares. The Warrantors of Avalon and the Company are also giving mutual warranties concerning their respective businesses as well as certain tax warranties. The aforementioned warranties are given on a several basis. The Acquisition Agreement also contains customary limitations on the Warrantors' and the Company's liability under the Acquisition Agreement, including time and financial limitations. Claims for breach of a non-tax warranty must be brought by 30 June 2021 and, in respect to tax warranty claims, within four years of Completion. The maximum aggregate cap on liability of each Warrantor is 20 per cent. of the Consideration Shares received by them. The Sellers' liability relating to warranties around title and capacity is uncapped. In the event of a claim for a breach of the warranties

relating to Avalon, under the Acquisition Agreement the Warrantors are permitted to settle any such claims by using the proceeds from the sale of their Consideration Shares.

Pursuant to the Acquisition Agreement, non-institutional Sellers have also agreed to be bound by restrictive covenants for period of time following Completion and Sellers holding 3 per cent or more of the Enlarged Share Capital have agreed to lock-in and orderly market arrangements which are summarised in more detail below.

The Acquisition Agreement is governed by the laws of England and Wales.

DIRECTORS, PROPOSED DIRECTORS AND EMPLOYEES

Brief biographies of the Directors, the Proposed Directors and the senior managers of the Enlarged Group are set out below. Paragraph 6 of Part VI of this document contains further details of current and past directorships and certain other important information regarding the Directors.

Directors

Neil O'Brien, *aged 57 – Chairman*

Neil was appointed Executive Chairman in March 2019. He joined the Board as a Non-Executive Director in September 2016 and is chairman of the Nomination Committee. Neil is also a member of the Remuneration Committee.

Neil's most recent role before joining the Company was as CEO of AIM quoted Alkane Energy which he joined in 2008. Under his leadership, the Company achieved rapid output increases through a combination of organic growth and acquisition activity. Alkane expanded its UK portfolio of baseload power generating sites and established a leading position in the UK back-up power market covering winter peaking, National Grid 'STOR' programme and the capacity market.

Neil started his career at Coopers & Lybrand in 1985, where he qualified as a Chartered Accountant, before joining Blue Circle in 1988, holding a number of senior financial and operational roles in the UK and Europe. He then spent three years as a Group Management Accountant at Aggregate Industries before becoming CFO at FTSE 250 Speedy Hire plc. Neil read Politics, Philosophy and Economics at Oriel College, Oxford University.

Fraser Welham, *aged 55 – Chief Financial Officer*

Fraser Welham was appointed Chief Financial Officer in April 2018 when he also became a member of the board. Fraser was previously at the Green Investment Group (formerly the Green Investment Bank) where he was Managing Director of Finance, heading up the Business Finance team.

Fraser is an international CFO with extensive board-level experience gained as Group CFO at private equity owned, international onshore wind and solar energy developer, Element Power (2009-2014), and Group FD at FTSE 250 international waste management company, Shanks Group Plc (2005-2009). Fraser's industry focus has been on renewable energy, waste and environmental management where he has experience developing and delivering large, capital intensive projects and running significant logistic and treatment operations across multiple sites and countries.

Fraser qualified as a Chartered Accountant with Price Waterhouse, London after obtaining a First Class honours degree in Mechanical Engineering from King's College, London.

Michael Farrow, *aged 65 – Independent Non-executive Director*

Michael Farrow joined the Board as a Non-executive Director in March 2006. Michael is a member of the Audit and Nomination and Committees and chairs the Remuneration Committee. He is a founder and director of Oak Secretaries (Jersey) Limited, a Jersey licensed trust company and he currently sits on the Boards of a number of listed companies. From 1993 – 1997 he was also a group company secretary of Cater Allen Jersey, a banking, trustee and investment management group.

Michael was formerly a regular British Army Officer with the Royal Artillery where he rose to the rank of Major. He holds an MSc in Corporate Governance and is a Fellow of the Chartered Institute of Secretaries & Administrators.

Jonathan Marren, *aged 44 – Independent Non-executive Director*

Jonathan Marren joined the Board as a Non-executive Director in March 2016. Jonathan served on the Board of Directors as Chief Financial Officer between July 2012 and March 2016, having been an advisor to the company since early 2006, including on its flotation in April 2006. Jonathan is a member of the Nomination and Remuneration Committees and chairs the Audit Committee.

He has previously held positions as Deputy Head of Corporate Finance at Singer Capital Markets, prior to which he was at Peel Hunt between 2000 and 2010 where he was a Director in the Corporate Department with responsibility for their new energy and clean tech franchise where he gained considerable experience of working with companies in this area.

Jonathan qualified as a Chartered Accountant with Arthur Andersen in 1999 after obtaining a BSc in Mathematics from Durham University.

Proposed Directors

Larry Zulch, *aged 62 – Chief Executive Officer following Admission*

Mr. Zulch has over 30 years of experience successfully commercializing advanced technologies and scaling the companies that deliver those technologies to market. He was formerly the CEO of Dantz Development (acquired by EMC, now Dell Technologies), Photometics, plcD, Cloud Engines, and Savvius (acquired by LiveAction). He served as VP and Officer at EMC Corporation, and as Executive Chairman of Freerange Communications (acquired by Sprint via Handmark). Mr. Zulch has been awarded a patent for an optical components platform and co-invented a network-monitoring technology which he has a patent pending. Larry received a BA in Economics from the University of California, Davis. From Admission Larry will be a member of the Nomination Committee.

Matt Harper, *aged 42 – Chief Commercial Officer following Admission*

Mr. Harper co-founded Avalon, and has over 20 years' experience bringing clean energy technologies to market. He has been leading energy storage product development and delivery for 14 years, including serving as VP Products and Services with VRFB developer Prudent Energy, based in Beijing. He has also engineered and led the development of emerging clean energy technologies in the energy storage, hydrogen, fuel cell and water treatment industries. Mr. Harper holds a BASc in Mechanical Engineering from the University of British Columbia, a master's degree in Engineering and Management from the Massachusetts Institute of Technology, is a licensed Professional Engineer in British Columbia, Canada, and is named as inventor on eight US patents and applications.

The Company intends to appoint an additional independent non-executive director from a North American background as soon as reasonably practicable following Admission.

Employees

The Directors and the Proposed Directors believe that the recruitment, motivation and retention of highly skilled, high quality personnel is fundamental to its ability to continue to meet the requirements of its clients and to its continuing success.

On 12 March 2020, the Existing Group had a total of 51 employees. Following Completion of the Acquisition, the Enlarged Group will have 78 employees.

SUMMARY FINANCIAL INFORMATION

The following summary of financial information relating to the Existing Group's activities for the three years to 31 December 2018 and the six months ended 30 June 2019 has been extracted without material adjustment from the financial information on the Existing Group set out in Part IV of this document. **In order to make a proper assessment of the financial performance of the Existing Group's business, prospective investors should read this document as a whole and not rely solely on the key or summarised information in this section.**

	H1 2019 £m	*FY 2018 Restated £m*	*FY 2017 Restated £m*	*FY 2016 Restated £m*
Continuing operations:				
Revenue	0.2	2.5	0.7	0.3
Cost of sales	–	(2.1)	(0.3)	(1.5)
Gross profit	0.2	0.4	0.4	(1.2)
Administrative expenses (excl. SBP)	(3.9)	(12.1)	(7.1)	(3.8)
Trading loss	(3.7)	(11.7)	(6.7)	(5.0)
Gain on sale of discontinued operations	0.6	–	–	–
Share-based payments (SBP)	(0.2)	(0.6)	(0.9)	(0.3)
Operating loss	(3.3)	(12.3)	(7.6)	(5.3)

The Existing Group sold its remaining legacy Camco business in the USA in April 2019. The 2018, 2017 and 2016 financial information above has been restated to reclassify amounts related to this business to discontinued operations. In addition to this, the 2016 financial information has also been retranslated to Great British Pounds as previously it had only been reported in Euros. Below is a reconciliation of the above financial information to the audited financial information. The first half 2019 financial information is unaudited information from the Existing Group's 2019 Interim Results.

	2018 Audited £m	*2018 Less Camco £m*	*2018 Restated £m*	*2017 Audited £m*	*2017 Less Camco £m*	*2017 Restated £m*
Revenue	4.2	1.7	2.5	2.2	1.5	0.7
Cost of sales	(2.4)	(0.3)	(2.1)	(0.4)	(0.1)	(0.3)
Gross profit	1.8	1.4	0.4	1.8	1.4	0.4
Admin. (excl. SBP)	(13.4)	(1.3)	(12.1)	(8.2)	(1.1)	(7.1)
Trading loss	(11.6)	0.1	(11.7)	(6.4)	0.3	(6.7)
SBP	(0.6)	–	(0.6)	(0.9)	–	(0.9)
Operating loss	(12.2)	0.1	(12.3)	(7.3)	0.3	(7.6)

	2016 Audited €m	*2016 Less Camco €m*	*2016 Restated €m*	*2016 Restated £m*
Revenue	10.8	10.5	0.3	0.3
Cost of sales	(8.6)	(6.8)	(1.8)	(1.5)
Gross profit	2.2	3.7	(1.5)	(1.2)
Admin. (excl. SBP)	(7.5)	(2.9)	(4.6)	(3.8)
Trading loss	(5.3)	0.8	(6.1)	(5.0)
SBP	(0.4)	–	(0.4)	(0.3)
Operating loss	(5.7)	0.8	(6.5)	(5.3)

REASONS FOR THE PLACING AND OPEN OFFER AND USE OF PROCEEDS

The net proceeds of the Placing and Open Offer will be applied principally towards delivery of the Pivot project, continuing product development and developing sales.

DETAILS OF THE INTERIM FUNDING AND CONVERSION

As announced by the Company on 1 November 2019, the Company secured a loan of up to £1.9 million from Avalon to fund ongoing working capital requirements and expenses relating to the Transaction (the "**Interim Loan**"). The Interim Loan was funded by £3.8 million being made available to Avalon from Bushveld (the "**Bushveld Loan**", and together with the Interim Loan the "**Interim Funding**").

In addition to the Interim Loan, the Company entered into a separate agreement with Bushveld (the "**Bushveld Agreement**") under which, if the Acquisition completes successfully, the $5 million provided to Avalon under the Bushveld Loan, together with interest and certain fees, will convert into Ordinary Shares in the Company.

The Company has also agreed, conditional on the Completion of the Acquisition, to grant Bushveld a right of first refusal to supply vanadium products to the Enlarged Group for two years, and thereafter subject inter alia to Bushveld continuing to beneficially own at least 5 per cent. of the issued Ordinary Shares.

Subject to it continuing to beneficially own at least five per cent. of the issued Ordinary Shares, Bushveld also has for one year from Completion of the Acquisition, the right to nominate a director of the Company. Bushveld will retain that right after one year provided it beneficially owns at least 10 per cent. of the issued Ordinary Shares. In addition, for so long as Bushveld beneficially owns at least 20 per cent. of the issued Ordinary Shares, it shall have a right to nominate two directors of the Company.

Further details of the Interim Funding, the Bushveld Agreement and related agreements are set out in Paragraph 14.1 Part VI of this document.

DETAILS OF THE PLACING, OPEN OFFER AND ADMISSION

The Company, the Directors, the Proposed Directors, VSA Capital and Investec have entered into the Placing Agreement relating to the Placing pursuant to which, subject to certain conditions, Investec and VSA have severally agreed to use their respective reasonable endeavours to procure subscribers for the Placing Shares on behalf of the Company. The Placing has not been underwritten. The Placing Shares represent approximately 12 per cent. of the Enlarged Share Capital.[6] In addition Investec and VSA have the right but not the obligation to use their reasonable endeavours to procure subscribers for any Open Offer Shares not taken up by Qualifying Shareholders.

The Placing is conditional upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission. The Placing Agreement is also conditional, *inter alia*, upon Admission having become effective by not later than 8.00 a.m. on 2 April 2020 or such later time and date, being not later than 8.00 a.m. on 2 May 2020, as the Company, VSA Capital and Investec shall agree.

Further details of the Placing Agreement are set out in paragraph 14.1(a) of Part VI of this document.

The Placing will raise approximately £7.9 million (before expenses) for the Company.

The Placing Shares will be issued credited as fully paid and will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares and the Open Offer Shares, including the right to receive all dividends and other distributions declared paid or made after Admission.

The Company considers it important that Qualifying Shareholders have an opportunity (where it is practicable for them to do so) to participate in the Transaction and accordingly the Company is making the Open Offer to Qualifying Shareholders. The Company is proposing to raise up to £6.28 million (before expenses) (assuming full take up of the Open Offer) through the issue of up to 380,500,174 Open Offer Shares.

6 Assuming full take-up under the Open Offer

The Open Offer Shares are available to Qualifying Shareholders pursuant to the Open Offer at the Issue Price of 1.65 pence per Open Offer Share, payable in full on acceptance. Any Open Offer Shares not subscribed for by Qualifying Shareholders will be available to Qualifying Shareholders under the Excess Application Facility. VSA Capital and Investec have the right (but not the obligation) at their sole discretion to place any Open Offer Shares not subscribed for by Qualifying Shareholders under the Excess Application facility to placees.

Qualifying Shareholders may apply for Open Offer Shares under the Open Offer at the Issue Price on the following basis:

Two Open Offer Shares for every five Existing Ordinary Shares held by the Shareholder on the Record Date

Entitlements of Qualifying Shareholders will be rounded down to the nearest whole number of Open Offer Shares. Fractional entitlements which would otherwise arise will not be issued to the Qualifying Shareholders but will be made available under the Excess Application Facility. The Excess Application Facility enables Qualifying Shareholders to apply for Excess Shares in excess of their Open Offer Entitlement.

Not all Shareholders will be Qualifying Shareholders. Shareholders who are located in, or are citizens of, or have a registered office in certain overseas jurisdictions will not qualify to participate in the Open Offer. The attention of Overseas Shareholders is drawn to paragraph 6 of Part VIII of this document.

Valid applications by Qualifying Shareholders will be satisfied in full up to their Open Offer Entitlements as shown on the Application Form. Applicants can apply for less or more than their entitlements under the Open Offer but the Company cannot guarantee that any application for Excess Shares under the Excess Application Facility will be satisfied as this will depend in part on the extent to which other Qualifying Shareholders apply for less than or more than their own Open Offer Entitlements. The Company may satisfy valid applications for Excess Shares of applicants in whole or in part but reserves the right not to satisfy any excess above any Open Offer Entitlement. Applications made under the Excess Application Facility will be scaled back pro rata to the number of shares applied for if applications are received from Qualifying Shareholders for more than the available number of Excess Shares.

Application has been made for the Open Offer Entitlements to be admitted to CREST. It is expected that such Open Offer Entitlements will be credited to CREST on 16 March 2020. The Open Offer Entitlements will be enabled for settlement in CREST until 11.00 a.m. on 31 March 2020. Applications through the CREST system may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of bona fide market claims. The Open Offer Shares must be paid in full on application. The latest time and date for receipt of completed Application Forms or CREST applications and payment in respect of the Open Offer is 11.00 a.m. on 31 March 2020. The Open Offer is not being made to certain Overseas Shareholders, as set out in paragraph 6 of Part VIII of this document.

Qualifying Shareholders should note that the Open Offer is not a rights issue and therefore the Open Offer Shares which are not applied for by Qualifying Shareholders will not be sold in the market for the benefit of the Qualifying Shareholders who do not apply under the Open Offer.

The Application Form is not a document of title and cannot be traded or otherwise transferred. Further details of the Open Offer and the terms and conditions on which it is being made, including the procedure for application and payment, are contained in Part VIII of this document and on the accompanying Application Form.

The Open Offer is conditional on the Placing becoming or being declared unconditional in all respects and not being terminated before Admission (as the case may be). Accordingly, if the conditions to the Placing are not satisfied or waived (where capable of waiver), the Open Offer will not proceed and the Open Offer Shares will not be issued and all monies received by the Registrars will be returned to the applicants (at the applicant's risk and without interest) as soon as possible thereafter. Any Open Offer Entitlements admitted to CREST will thereafter be disabled.

The Open Offer Shares will be issued free of all liens, charges and encumbrances and will, when issued and fully paid, rank pari passu in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of their issue.

The Directors have agreed not to take up their respective Open Offer Entitlements.

SHARE CONSOLIDATION

Immediately prior to Admission (but subsequent to the issue of the New Ordinary Shares), the Company will undertake the Share Consolidation. Each Ordinary Share of €0.01 nominal value will be consolidated on a 50 to 1 basis, such that every 50 Ordinary Shares will be consolidated into one Consolidated Ordinary Share of €0.50 each.

Assuming a share capital of 3,844,489,575 Ordinary Shares immediately prior to Admission (but subsequent to the issue of the New Ordinary Shares), following Completion of the Share Consolidation, the Company will have 76,889,791 Consolidated Ordinary Shares in issue.

The rights attaching to the Consolidated Ordinary Shares will be identical in all respects to those of the Existing Ordinary Shares.

LOCK-IN ARRANGEMENTS

Lock-in arrangements

Each of (i) the Directors, (ii) the Proposed Directors and (iii) any Sellers individually holding 3 per cent. or more of the Enlarged Share Capital (together, the "**Covenantors**"), has undertaken to the Company, VSA Capital and Investec (subject to certain limited exceptions including disposals by any Sellers to satisfy warranty claims under the Acquisition Agreement, transfers to a connected person (as defined under section 252 of the Act) or to trustees for their benefit, disposals by any Sellers to satisfy any personal tax liability arising from the Transaction and disposals by way of acceptance of a recommended takeover offer of the entire issued share capital of the Company) not to dispose of the Security Interests held by each of them on Admission at any time prior to the six month anniversary of Admission (the "**Lock-in Period**"), without the prior written consent of Investec and VSA Capital.

Furthermore, each of the Covenantors has also undertaken to the Company, VSA Capital and Investec not to dispose of the Security Interests held by them on Admission, for a period of six months following the expiry of the Lock-in Period otherwise than through Investec or VSA Capital and subject to orderly market arrangements.

Further details of these arrangements are set out in paragraph 14.1(b) of Part VI of this document.

CORPORATE GOVERNANCE

AIM quoted companies are required to state which recognised corporate governance code they will follow from admission and how they comply with such code and to explain reasons for any non-compliance. The Directors and the Proposed Directors recognise the value and importance of high standards of corporate governance and intend, given the Company's size and the constitution of the Board, to comply with the recommendations set out in the QCA Code, subject to the areas of non-compliance as set out below.

The Board

The Board (including, from Admission, the Proposed Directors) will be responsible for the overall management of the Enlarged Group including the formulation and approval of the Enlarged Group's long term objectives and strategy, the approval of budgets, the oversight of Enlarged Group operations, the maintenance of sound internal control and risk management systems and the implementation of Enlarged Group strategy, policies and plans. While the Board may delegate specific responsibilities, there will be a formal schedule of matters specifically reserved for decision by the Board. Such reserved matters will include, amongst other things, approval of significant capital expenditure, material business contracts and major corporate transactions. The Board will meet regularly to review performance.

With effect from Admission, Neil O'Brien will become Non-Executive Chairman. Larry Zulch and Matt Harper will join the Board as Executive Directors with effect from Admission. In addition, the Company

intends to appoint an additional independent non-executive director from a North American background as soon as reasonably practicable following Admission.

The Board currently comprises four Directors, of whom two are executive and two are non-executive. With effect from Admission the Board will comprise six Directors, of whom three will be executive and three will be non-executive. Michael Farrow and Jonathan Marren are considered independent directors.

WHERE NON-COMPLIANCE WITH THE CODE:

The QCA Code recommends that the Board should appoint an independent non-executive Director to be the Senior Independent Director. However, the Directors and the Proposed Directors have determined that the Enlarged Group will be of a size that does not require a Senior Independent Director to be appointed. Instead, the Board is confident the normal channel of communication (through the Chairman, the Chief Executive Officer or the Chief Financial Officer) will be sufficient to resolve any issues which the Shareholders may wish to communicate to the Board.

With effect from Admission, the Board will have re-established an audit committee (the "**Audit Committee**"), a remuneration committee (the "**Remuneration Committee**") and a nomination committee (the "**Nomination Committee**") with formally delegated responsibilities.

The Audit Committee

The Audit Committee will be chaired by Jonathan Marren. Its other members will be Neil O'Brien and Michael Farrow. The Audit Committee will have primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported on. It will receive and review reports from the Company's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Enlarged Group. The Audit Committee will meet at least twice a year and will have unrestricted access to the Company's auditors.

The Remuneration Committee

The Remuneration Committee will be chaired by Michael Farrow. Its other members will be Jonathan Marren and Neil O'Brien. The Remuneration Committee will review the performance of the Executive Directors and make recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee will also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The remuneration and terms and conditions of appointment of the non-executive directors of the Company will be set by the Board.

The Nomination Committee

The Nomination Committee will be chaired by Neil O'Brien. Its other members will be Michael Farrow, Jonathan Marren and Larry Zulch. The Nomination Committee will be responsible for ensuring that the Board has a formal and transparent appointment procedure and will have primary responsibility for reviewing the balance and effectiveness of the Board and identifying the skills needed on the Board and those individuals who might best provide them.

Share dealings

The Company has adopted a share dealing code, with effect from Admission, for Directors, Proposed Directors and applicable employees (as defined in the AIM Rules for Companies) of the Enlarged Group for the purpose of ensuring compliance by such persons with the provisions of Rule 21 of the AIM Rules for Companies and MAR relating to dealings in the Company's securities. The Directors and the Proposed Directors consider that this share dealing code is appropriate for a company whose shares are admitted to trading on AIM.

The Company will take proper steps to ensure compliance by the Directors, the Proposed Directors and applicable employees with the terms of the share dealing code and the relevant provisions of MAR.

DIVIDEND POLICY

The declaration and payment by the Enlarged Group of any future dividends on the Ordinary Shares and the amount will depend on the results of the Enlarged Group's operations, its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time. However, given the Company's early stage of development, the Directors and the Proposed Directors do not envisage that the Company will pay dividends in the foreseeable future and intend to re-invest surplus funds in the development of the Enlarged Group's business.

SHARE OPTION SCHEMES

The Directors and the Proposed Directors believe that the success of the Enlarged Group will depend to a significant degree on the future performance of the management team. The Directors and the Proposed Directors also recognise the importance of ensuring that all employees are well motivated and identify closely with the success of the Enlarged Group.

Accordingly, the Company has established the Share Option Schemes. Effective from Completion, the Share Option Schemes will include sub-plans permitting the grant of incentive stock options and non-statutory stock options to US employees and consultants.

The subsisting options granted by the Company will remain in place on their existing terms subject to the Share Consolidation. It is estimated that on Admission, there will be 1.032 million Ordinary Shares (post Share Consolidation) under subsisting options granted by the Company. However, the Remuneration Committee may consider allowing Option Holders holding subsisting options under the terms of the Share Option Schemes to surrender such options for the grant of new options on such terms as the Remuneration Committee deems appropriate.

It is intended that the Company will grant options over a total of around 4.754 million Consolidated Ordinary Shares to the employees and consultants of the Enlarged Group as soon as reasonably practicable following Admission. The exercise price for these options will be the Issue Price if they are Unapproved Options (or non-statutory stock options) and the market value if they are EMI Options, CSOP Options or ISOs.

Further details of the Share Option Schemes are set out in paragraph 9 of Part VI of this document. Details of options currently held by the Directors and the Proposed Directors are set out in paragraph 7.1 of Part VI of this document. It is currently intended that options will be granted as soon as reasonably practicable following Admission under the Share Option Schemes and that the Share Option Schemes will continue to be used to provide share incentives to Directors, Proposed Directors and key employees. Following Admission, the Company intends to grant options on terms that reflect market practice for AIM quoted companies of an equivalent size operating in comparable industries.

Larry Zulch will have exercised his Avalon options before Admission and will exchange his Avalon shares for Ordinary Shares. As a result, he will hold 2,191,949 Consolidated Ordinary Shares on Admission.

Avalon has granted incentive stock options and non-statutory stock options to several employees and consultants of Avalon and its subsidiaries from time to time under the Avalon Battery Corporation 2013 Equity Incentive Plan ("**Avalon Options**"). It is intended that the Company will grant new replacement options to the holders of the outstanding Avalon Options in exchange for their Avalon Options ("**Replacement Options**"). The Replacement Options will be on the same or similar terms as the Avalon Options except that the Replacement Options would be over Ordinary Shares and the number of the Ordinary Shares subject to each Replacement Option, and the exercise price will be adjusted accordingly to ensure that the Replacement Options are of equal value. It is expected that the number of Consolidated Ordinary Shares subject to Replacement Options on or following Admission will be around 2.183 million Consolidated Ordinary Shares.

TAXATION

Information regarding taxation in relation to the Acquisition, Placing, Open Offer and Admission is set out in paragraphs 10 to 13 in Part VI of this document. If you are in any doubt as to your tax position you should consult your own independent financial adviser immediately.

THE CITY CODE ON TAKEOVERS AND MERGERS

The Company is incorporated in Jersey and its Ordinary Shares will be admitted to trading on AIM. Accordingly, the City Code applies to the Company.

Under Rule 9 of the City Code ("**Rule 9**"), any person who acquires an interest in shares (as defined in the City Code), whether by a series of transactions over a period of time or not, which (taken together with any interest in shares held or acquired by persons acting in concert (as defined in the City Code) with him) in aggregate, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, that person is normally required by the Panel to make a general offer to all of the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person which increases the percentage of shares carrying voting rights in which he is interested.

An offer under Rule 9 must be in cash or be accompanied by a cash alternative and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

Under the City Code, a concert party arises where persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company. "Control" means holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights of the company, irrespective of whether the holding or holdings give de facto control.

The following persons are presumed to be acting in concert for the purposes of the City Code:

- Alexander Au;
- Andy Klassen;
- 1953621 Alberta Ltd;
- Ben DuPerthal;
- Brand Zoo, Inc.;
- Dwayne Smith;
- Electrosynthesis Company, Inc.;
- Johnson Chiang;
- Josh Weiner;
- JWRG Investments LLC;
- Lawrence Zulch;
- Matt Carroll;
- Matt Harper;
- Ricky Chau;
- Tim Peterson;
- Sky Energy Capital Inc.;
- Sage Advisory and Consulting Services Ltd.;
- Timothy Brantingham;
- Vega Strategic Partners Holdings Limited;

- Wade Family Trust Dated March 7, 1989; and
- Wesley Marstaller

On Admission, the Concert Party will hold 15,540,142 Ordinary Shares, in aggregate, representing 22.4 per cent. of the Enlarged Share Capital.

ADMISSION, SETTLEMENT AND DEALINGS

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence in the New Ordinary Shares at 8.00 a.m. on 2 April 2020.

No temporary documents of title will be issued. All documents sent by or to a placee, or at his direction, will be sent through the post at the placee's risk. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company.

The Company has applied for the New Ordinary Shares to be admitted to CREST and it is expected that the New Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. Accordingly, settlement of transactions in New Ordinary Shares following Admission may take place within the CREST system if any individual Shareholder so wishes provided such person is a "system member" (as defined in the CREST Regulations) in relation to CREST. Dealings in advance of crediting of the relevant CREST account(s) shall be at the sole risk of the persons concerned.

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations. The Articles permit the holding of Ordinary Shares in uncertificated form in accordance with the CREST Regulations. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

FURTHER INFORMATION

Your attention is drawn to Part III of this document which contains certain risk factors relating to any investment in the Company and to Parts IV to VI of this document which contain further additional information on the Enlarged Group.

EXTRAORDINARY GENERAL MEETING AND RESOLUTIONS

The Notice of Extraordinary General Meeting convenes an extraordinary general meeting of Shareholders to be held the offices of Osborne Clarke LLP, One London Wall, London EC2Y 5EB at 11.00 a.m. on 1 April 2020. The Notice of Extraordinary General Meeting is set out at the end of this document. The following Resolutions will be proposed at the Extraordinary General Meeting:

1. To approve the Acquisition;
2. To amend the Employee Share Option Plan;
3. To amend the Consultant Share Option Plan;
4. To approve the allotment of 3,493,239,139 new Ordinary Shares;
5. To approve the change of the Company's name to Invinity Energy Systems plc;
6. To approve an amendment to the Company's memorandum of association to increase the authorised share capital;
7. To approve the Share Consolidation; and
8. To approve the waiver of pre-emption rights.

The Notice of Extraordinary General Meeting is contained at the end of this document and sets out the Resolutions in full.

ACTION TO BE TAKEN BY SHAREHOLDERS

In respect of the Extraordinary General Meeting

A Form of Proxy for use at the Extraordinary General Meeting accompanies this document. The Form of Proxy should be completed and signed in accordance with the instructions thereon and returned to the Company's Registrars at c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible, but in any event so as to be received by no later than 11.00 a.m. on 30 March 2020 (or, if the Extraordinary General Meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting).

If you hold your Existing Ordinary Shares in uncertificated form in CREST, you may vote using the CREST Proxy Voting service in accordance with the procedures set out in the CREST Manual. Further details are also set out in the notes accompanying the Notice of Extraordinary General Meeting at the end of this document. Proxies submitted via CREST must be received by the issuer's agent (ID 3RA50) by no later than 11.00 a.m. on 30 March 2020 (or, if the Extraordinary General Meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting). The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Article 34 of the Companies (Uncertificated Securities) (Jersey) Order 1999.

The completion and return of a Form of Proxy or the use of the CREST Proxy Voting Service will not preclude Shareholders from attending the Extraordinary General Meeting and voting in person should they so wish.

In respect of the Open Offer

Qualifying Non-CREST Shareholders wishing to apply for Open Offer Shares or the Excess Shares must complete the enclosed Application Form in accordance with the instructions set out in paragraph 3.1 of Part VIII of this document and on the accompanying Application Form and return it to Computershare Investor Services plc, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY, so as to arrive no later than 11.00 a.m. on 31 March 2020.

If you do not wish to apply for any Open Offer Shares under the Open Offer, you should not complete or return the Application Form. Shareholders are nevertheless requested to complete and return the Form of Proxy.

If you are a Qualifying CREST Shareholder, no Application Form will be sent to you. Qualifying CREST Shareholders will have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to their stock accounts in CREST. You should refer to the procedure for application set out in paragraph 3.2 of Part VIII of this document. The relevant CREST instructions must have settled in accordance with the instructions in paragraph 3.2 Part VIII of this document by no later than 11.00 a.m. on 31 March 2020.

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

OVERSEAS SHAREHOLDERS

Information for Overseas Shareholders who have registered addresses outside the United Kingdom or who are citizens or residents of countries other than the United Kingdom appears in paragraph 6 of Part VIII of this document, which sets out the restrictions applicable to such persons. If you are an Overseas Shareholder, it is important that you pay particular attention to that paragraph of this document.

RECOMMENDATION

The Directors consider that the Acquisition, Admission, the Placing and the Open Offer to be in the best interests of the Company and its Shareholders as a whole and accordingly unanimously recommend that all Shareholders vote in favour of the Resolutions, as the Directors have irrevocably undertaken to do so, or procure, in respect of their own legal and/or beneficial shareholdings, which comprise a total of 10,880,045 Ordinary Shares, representing approximately 1.14 per cent. of the Existing Issued Share Capital.

Yours faithfully

Neil O'Brien
Executive Chairman, for and on behalf of the Board
redT energy plc

PART II

INFORMATION ON AVALON

OPERATIONS

Avalon is a Delaware Corporation with offices in the San Francisco area, operations in Vancouver, Canada through its wholly owned subsidiary Avalon Battery (Canada) Corporation and a manufacturing facility in Suzhou, China.

Avalon deployed its first-generation VRFB in 2016. The very first installation of an Avalon Gen 1 VRFB is still operating, having logged the equivalent of more than 25 years of cycling in an industrial setting.

Avalon's second-generation VRFB debuted in 2017, with increases in energy capacity and improvements in electrical design and manufacturability. More than 140 second-generation Avalon VRFBs have been installed.

In 2019, Avalon's third-generation VRFB was delivered and entered service, featuring 30 per cent. more energy storage capacity, higher efficiency and a lighter, lower-cost structure.

Avalon's VRFBs are one of the first flow batteries to receive Underwriters Laboratories certification to UL 1973, and are approved for shipping full of electrolyte, allowing them to be shipped "wet" (with electrolyte installed) from the factory; this eliminates the need to perform electrolyte transfer at site, and allows the units to be delivered to customers in a fully functional, factory-tested state, reducing commissioning times.

Each VRFB produced by Avalon uses an enclosure built at a facility in China that contains two tanks for electrolyte, pumps, power electronics, and other system components. Avalon's cell stacks, the component where energy is transferred into or out of the electrolyte, are built in Canada at Avalon's Vancouver, B.C. facility.

An advantage of Avalon's operational strategy is the ability to scale up operations to meet demand with relatively modest capital outlay. After training of additional staff, the capacity of the facility used by Avalon in China will be 40 MWh per year. After minimal capital investment, Avalon's Vancouver facility will have capability to produce cell stacks at the rate required to also support this level of production. Power electronics, pumps, tubing, etc., are all acquired from third-party vendors. While there is significant IP in the cell stack, battery management system, and even the design of the VRFB enclosure and system, unlike lithium ion batteries or solar arrays, Avalon VRFBs are produced without requiring expensive specialized production machinery and systems.

MARKETS AND CUSTOMERS

Avalon's products are now installed at over 20 sites. Avalon's largest installations are a 2 MWh array in Qinghai, China, and a 1 MWh array in Iowa, USA. Avalon also has installations with LADWP (Los Angeles Department of Water and Power, the largest municipal utility in the United States and the third-largest utility in California) and Southern Research (the research arm of Southern Company, the second largest utility company in the United States in terms of customer base).

CURRENT TRADING, OPERATIONAL TRENDS AND PROSPECTS

Since June 2019, Avalon Battery Corporation has continued to make commercial progress, significant highlights of which are detailed below:

Proposed Merger with redT Energy PLC – on 25 July 2019 a proposed merger with redT was announced. The parties signed a non-binding Memorandum of Understanding ("**MOU**") and have plans for the injection of new funds. The merger, if approved by shareholders and completed, will constitute a reverse takeover under the AIM Rules for Companies.

Interim funding from Bushveld Minerals Ltd – on 1 November 2019 a $5 million loan from Bushveld was announced. Avalon then provided $2.5 million in funding to redT. The funding was required by each of redT and Avalon to complete the proposed merger under the MOU. The cash has been used to complete due diligence as well as finalise the negotiations for the merger.

Increased Administrative Costs – following the interim funding on 1 November 2019, advisors were fully engaged to progress the merger process including financial audit work and legal due diligence resulting in increased administrative costs.

Project with Los Angeles District of Water and Power ("**LADWP**") Completed – in November of 2019 a 450kWh project was commissioned at LADWP. This project will help LADWP inform future decisions on achieving state mandates for reducing carbon emissions from their power generation portfolio. LADWP will partner with the Electric Power Research Institute for a one-year pilot study to evaluate and gain insights regarding the performance, operation and feasibility of the battery technology.

First 3rd Generation Avalon Flow Battery Commissioned – in November 2019, Avalon delivered and commissioned its first 3rd generation "AFB3" project to a confidential customer in Southern California.

Impact of COVID19 on the Business – in February 2020, Avalon's supplier BCI advised the Company that their facility in Suzhou China, which provides engineering and manufacturing services to Avalon, would remain shut down after the Lunar New Year Festival. This facility has now resumed operation, with approximately 70% of employees back at work. Looking forward, there is uncertainty over the impact of COVID19 on the global economy and the level of demand for energy storage.

The Enlarged Group continues to have a number of ongoing product development and strategic investment discussions with various parties.

MANAGEMENT TEAM

Larry Zulch, *Chief Executive Officer*

Mr. Zulch has over 30 years of experience successfully commercializing advanced technologies and scaling the companies that deliver those technologies to market. He was formerly the CEO of Dantz Development (acquired by EMC, now Dell Technologies), Photometics, plcD, Cloud Engines, and Savvius (acquired by LiveAction). He served as VP and Officer at EMC Corporation, and as Executive Chairman of Freerange Communications (acquired by Sprint via Handmark). Mr. Zulch has been awarded a patent for an optical components platform and co-invented a network-monitoring technology which has a patent pending.

Matthew Harper, *President*

Mr. Harper co-founded Avalon, and has over 20 years' experience bringing clean energy technologies to market. He has been leading energy storage product development and deliver for 14 years, including serving as VP Products and Services with VRFB developer Prudent Energy, based in Beijing. He has also engineered and led the development of emerging clean energy technologies in the energy storage, hydrogen, fuel cell and electric vehicle industries. Mr. Harper holds a bachelor's degree in mechanical engineering from the University of British Columbia, a masters' degree in engineering and management from the Massachusetts Institute of Technology ("MIT"), is a licensed Professional Engineer in British Columbia, Canada, and is named as inventor on eight US patents and applications.

Johnson Chiang, *Executive Chairman*

Mr. Chiang is a visionary corporate executive and global manufacturing operations leader. Before co-founding Avalon, Johnson was CEO at Prudent Energy, COO at Suntech Power Holdings, and division head at Foxconn. Johnson trained as an industrial engineer and spent the first part of his career in operations management and ultimately as a corporate executive at Solectron Corporation, a two-time U.S. Malcolm Baldrige National Quality Award Winner.

Andy Klassen, *Chief Technology Officer*

Mr. Klassen a is chemical engineer with over 20 years of experience leading the development of ground-breaking fuel cell systems, energy storage devices and related technologies. Before co-founding Avalon, Mr. Klassen was CTO at Prudent Energy, where he led both intellectual property and technology development. Mr. Klassen counts 14 years in the battery industry, and holds four US patents.

Neil Lang, *Chief Operating Officer*

Mr. Lang is a senior business and operations executive with over 20 years of diverse management experience within both public and privately owned multinational companies. He spent six years at Corvus Energy Ltd., as Chief Operating Officer after four years as COO at Day4 Energy. He has had operational and supply chain roles at Hain Celestial Group, SISU, and Unilever. Mr. Lang received a BA, MA, and MEng from University of Cambridge (Fitzwilliam College) and a diploma in Management from Henley Management College.

Brian Adams, *Vice President Product Development*

A chemical engineer by training, Mr. Adams has spent his 15-year career in electrochemical systems research, development and commercialization, including eight years in the energy storage industry. Before joining Avalon, Mr. Adams was a Senior Engineer at Prudent Energy.

Anna Kinna, *Controller*

Anna is a CPA and CMA with over 15 years of experience in corporate accounting. That experience spans rapidly expanding technology companies, public practice and industry; across those sectors, she has been responsible for complex debt and equity transactions, multi-entity consolidated reporting, and global tax compliance.

PART III

RISK FACTORS

Investing in and holding Ordinary Shares involves financial risk. Prospective investors in the Ordinary Shares should carefully review all of the information contained in this document and should pay particular attention to the following risks associated with an investment in the Ordinary Shares, the Enlarged Group's business and the industry in which it participates.

The risk factors set out below apply to the Enlarged Group as at the date of this document. The risk factor which is most material, in the assessment of the Company, is set out first.

The risks and uncertainties described below are not an exhaustive list and do not necessarily comprise all, or explain all, of the risks associated with the Enlarged Group and the industry in which it participates or an investment in the Ordinary Shares. They comprise the material risks and uncertainties in this regard that are known to the Enlarged Group and should be used as guidance only. Additional risks and uncertainties relating to the Enlarged Group and/or the Ordinary Shares that are not currently known to the Enlarged Group, or which the Enlarged Group currently deems immaterial, may arise or become (individually or collectively) material in the future, and may have a material adverse effect on the Enlarged Group's business, results of operations, financial condition and prospects. If any such risk or risks should occur, the price of the Ordinary Shares may decline and investors could lose part or all of their investment.

Prospective investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in the light of the information in this document and their personal circumstances. Prospective investors should consult a legal adviser, an independent financial adviser or a tax adviser for legal, financial or tax advice if they do not understand any part of this document.

RISKS RELATING TO THE ACQUISITION AND AVALON

1. The Acquisition may not complete

Completion of the Acquisition Agreement is subject to the satisfaction (or waiver) of a number of conditions within the Acquisition Agreement, including the approval of the Acquisition by Shareholders at the Extraordinary General Meeting, the Placing Agreement not being terminated and Admission occurring. There can be no assurances that Shareholder approval will be forthcoming, or that Admission will occur.

If the conditions to Completion are not satisfied by 2 April 2020 (or such later date as the Company and the Sellers may agree) or any fact occurs which prevents the conditions from being satisfied by that date, the Acquisition Agreement will terminate and the Placing and Open Offer will not occur.

2. Merger and integration costs may be greater than anticipated

The Company expects to incur a number of costs in relation to the Merger, including integration and post-completion costs in order to successfully combine the operations of the Company and Avalon, assuming the Merger completes. The actual costs of the Merger and integration process may exceed those estimated and there may be further additional and unforeseen expenses incurred in connection with the Merger. In addition, the Group will incur legal, accounting, financial adviser and transaction fees and other costs relating to the Merger, some of which are payable whether or not the Merger reaches Completion. Although the Directors believe that the integration and Merger costs will be more than offset by the realisation of the benefits resulting from the Merger, this net benefit may not be achieved in the short-term or at all, particularly if the Merger is delayed or does not complete.

3. The integration process may result in disruption and the anticipated benefits of the Merger may not be achieved

Following Completion, the Enlarged Group will need to align and integrate both the operational and financial reporting processes of Avalon with the Group. The integration process for these two businesses will only begin following Completion and the success of the Enlarged Group will

depend, in part, on the effectiveness of this integration process. The Company does not plan to hire separate integration specialists to manage this process and it will be a time consuming process that will demand a significant amount of involvement on the part of the Directors and senior management of the Company, which may divert focus and resources from the day-to-day management of the Group's business. As a result, the integration process may result in the disruption of ongoing business that may adversely affect the Enlarged Group's ability to achieve the anticipated benefits of the Merger. Moreover, some of the potential challenges in combining the businesses may not become known until after Completion.

4. US tax inversion risk

As Avalon is US-based, there is a risk that the Enlarged Group may be deemed to be onshore for US tax purposes. However, the Enlarged Group has taken advice and believe that this should not be the case under current US legislation. There is a risk that the US government could introduce retrospective legislation to change the rules, in which case the Enlarged Group might be deemed to be US tax resident, with the consequence of being subject to US federal taxation on its worldwide operations.

5. Transfer pricing

Avalon trades between Canada and the US which includes the importation of materials from Canada to sell into the US. There is a risk around the transfer pricing arrangements which could be challenged by the tax authorities.

6. Tariffs

The current rules require tariffs to be paid on imports from China. Avalon imports certain goods to Canada which, once assembled, are re-labelled as "made in Canada". There is a risk that authorities, including US authorities, might look through these arrangements and retrospectively impose tariffs.

RISKS RELATING TO THE ENLARGED GROUP'S BUSINESS

1. VRFB market may not mature in the way the Directors expect

The market for VRFBs is developing. The Directors expect the market to mature to a stage where the capabilities of VRFBs are fully understood. The Enlarged Group has a number of proof-of-concept units in the market, but to meet growth projections VRFBs need to become widely accepted and utilised in grid stabilisation and for energy storage. There is a risk that the market may not mature in this way, or at the pace expected.

2. Government energy market policy may change

The energy markets in many countries rely, to a large degree, on national and international regulatory policy. While the EU, the UK and the USA have, in recent years, adopted policies and mechanisms actively supporting renewable energy, it is possible that this approach could be modified or changed in the future, including as a result of a change in Government or a change in Government policy, relating to renewable energy directly or to energy policy more generally. These changes could, in some circumstances, materially affect the Enlarged Group's business and growth plans.

3. R&D spend may affect profitability

The Enlarged Group will need to reduce the costs of its products, and as such R&D spend will continue. Costs must be reduced to a point where the deployment of VRFBs provides the desired returns for their investors. There is a risk that the Enlarged Group is unable to achieve these cost reductions, and that R&D spend may adversely affect profitability.

4. Failure to achieve projected revenues and potential impact on the viability of the business

If the Enlarged Group fails to achieve the anticipated level of sales, the Enlarged Group will have to consider alternative financing methods and sources. Should the market not develop as expected by the Directors, the Enlarged Group may have to cease trading. The Directors closely monitor sales and projections on a month-by-month basis and will adjust the Enlarged Group's costs and infrastructure to react to the market.

5. Vanadium price volatility may make the Enlarged Group's products financially unviable

A key component of VRFBs is the vanadium feedstock used as electrolyte in the battery. There is a general assumption that VRFB projects are viable for investors when the vanadium price is below $10/lb. In November 2018 the price of vanadium reached $28/lb, but the Directors believe that this was a one-off spike due to a monopolistic supply and sudden enforcement of Chinese building regulations. As at the date of this document the price is around $6/lb. There is a risk that the price of vanadium could make the Enlarged Group's products financially unviable, which the Directors are striving to mitigate by developing relationships with vanadium suppliers such as Bushveld.

6. Reliance on suppliers

The production of the Enlarged Group's product is dependent on a number of key suppliers. This reliance may never be diminished as there are very few suppliers of the materials required. The Enlarged Group has developed multiple relationships in the industry which mean that alternative suppliers can be used at relatively short notice.

7. Customer concentration

There is a risk that the Enlarged Group may become too dependent on any one customer. However, management are aware of this and will seek to diversify the Enlarged Group's dependence on single customers such as NextTracker. The acceptance of VRFBs in the marketplace will assist by increasing the number of customers, which will reduce the concentration around one or two major customers.

8. Camco Disposal

The Existing Group is the remaining business after the disposal of its Camco businesses. The disposal of the Camco business has completed with appropriate sale and purchase agreements in 2018 and 2019 which protect the Enlarged Group. There is one residual business in the course of solvent liquidation which is not expected to present any risk to the Enlarged Group.

9. Additional managerial and operational resources

As the Enlarged Group continues to grow and expand with customer demand, there may be a need to employ and deploy other skills and resources to meet the needs of the Enlarged Group. These resources are not included in current cost projections. Management has the relevant experience to know when these resources should be obtained and deployed on an as-needed basis, however.

10. Currency fluctuations

Currency fluctuations may affect the costs that the Enlarged Group incurs in its operations. A proportion of the Enlarged Group's revenues and capital and operating expenditure is incurred in currencies other than the GBP Sterling, principally US Dollars and Canadian Dollars. The Company does not currently hedge its foreign exchange risk and, in future, the opportunities to hedge any foreign exchange exposure in these currencies may be limited. The Enlarged Group will seek to mitigate transaction risk by maintaining controlled amounts of cash in the required currencies. Currency fluctuations may also result in unrealised foreign exchange gains or losses that materially adversely affect the financial results of the Enlarged Group reported in GBP Sterling.

11. Warranties and liquidated damages

Certain of the Enlarged Group's contracts include warranties as to how long the VRFB will operate for. Historically these are provided for on the balance sheet. There is a risk that these provisions will not be adequate.

12. Tax

The Enlarged Group has operations in Canada, the US, the UK, South Africa and Jersey. The Enlarged Group manages all of its tax affairs in these jurisdictions carefully and takes appropriate advice from appropriately qualified tax agents in each jurisdiction. However, the Enlarged Group is exposed to the Government taxation policies in each of the countries over which they have no direct control.

13. Intellectual property and know-how

The Enlarged Group has sought to protect its proprietary software, know-how and other intellectual property by the filing of patent applications, entering into non-disclosure agreements with employees, independent contractors and third parties in the ordinary course of its business, implementing and maintaining internal and external controls and processes restricting access to the software's underlying source code and using the laws of copyright, trade secret and confidentiality.

Any intellectual property, whether or not registered owned and/or used by the Enlarged Group in the course of its business or in respect of which the Enlarged Group believes it has rights, may be prejudiced and/or open to challenge by third parties (including where such third parties have or claim to have pre-existing rights in such intellectual property). In any such case, the Enlarged Group may be prevented from using such intellectual property or it may require the Enlarged Group to become involved in litigation to protect its intellectual property rights, each of which may have a material adverse effect on the operating results, business, financial condition and prospects of the Enlarged Group. Conversely, while the Enlarged Group believes that the it has taken precautions, it cannot guarantee that any action or inaction by the Group will not inadvertently infringe the intellectual property rights of others. Any infringement by the Enlarged Group of the intellectual property rights of others could have a material adverse effect on the operating results, business, financial condition and prospects of the Enlarged Group. Despite precautions which may be taken by the Enlarged Group to protect its software, unauthorised parties may attempt to copy, or obtain and use, its software and the technology incorporated in them. This could cause the Enlarged Group to have to incur significant unbudgeted costs in defending its software and technology.

14. Product liability or other claims

Whilst the Enlarged Group has instituted measures to manufacture its products in accordance with appropriate quality-control standards, there can be no assurance that each of the Enlarged Group's products are free from defects or that they will not be involved in a product recall or product liability or other claims relating to product quality. Product liability or other claims in relation to the Enlarged Group's products and services could result in reduced sales, recalls, injury or consequential damages to customers or third parties, or harm to the Enlarged Group's reputation. Actual or perceived quality defects could adversely affect sales and require recalls. Further, express or implied warranties and strict product liability laws in certain jurisdictions could lead to significant damage claims which the Enlarged Group may be forced to settle, regardless of fault. Such events could materially adversely affect the Enlarged Group's business, results of operations or financial condition. The Enlarged Group maintains appropriate insurance to mitigate against these risks where possible.

15. Health and safety risks

The Enlarged Group is subject to various statutory compliance and litigation risks under health, safety and employment laws. There can be no guarantee that there will be no accidents or incidents suffered by the Enlarged Group's employees, its contractors or other third parties at the Enlarged Group's facilities. If any of these incidents occur, the Enlarged Group could be subject to prosecutions and litigation, which may lead to fines, penalties and other damages being imposed and cause damage to the Enlarged Group's reputation. Such events could have a material adverse effect on the Enlarged Group's business operations, prospects, financial condition and operational results.

GENERAL RISKS RELATING TO AN INVESTMENT IN THE ORDINARY SHARES

1. General

An investment in Ordinary Shares is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment, or other investors who have been professionally advised with regard to the investment, and who have sufficient resources to be able to bear any losses that may arise therefrom (which may be equal to the whole amount invested). Such an investment should be seen as complementary to existing investments in a wide spread of other financial assets and should not form a major part of an investment portfolio. Prospective investors should not consider investing in the Ordinary Shares unless they already have a diversified investment portfolio. Prospective investors should be aware that the value of an investment in the Ordinary Shares may go down as well as up and investors may therefore not recover their original investment.

2. Legislation and tax status

This document has been prepared on the basis of current legislation, regulation, rules and practices and the Directors and the Proposed Directors' interpretation thereof. Such interpretation may not be correct and it is always possible that legislation, rules and practice may change. Any change in legislation and in particular in tax status or tax residence of the Enlarged Group or in tax legislation or practise may have an adverse effect on the returns available on an investment in the Company.

3. General economic climate

Factors such as inflation, currency fluctuation, interest rates, supply and demand of capital and industrial disruption have an impact on business costs and commodity prices and stock market prices. The Enlarged Group's operations, business and profitability can be affected by these factors, which are beyond the control of the Enlarged Group.

4. Economic, political, judicial, administrative, taxation, environmental or other regulatory matters

In addition to the impact of the downturn of the world's economies, the Enlarged Group may be adversely affected by other changes in economic, political, judicial, administrative, taxation or other regulatory or other unforeseen matters. The Enlarged Group may not have been and may not be at all times in complete compliance with environmental laws, regulations and permits, and the nature of the Enlarged Group's operations expose it to the risk of liabilities or claims with respect to environmental, regulatory and worker health and safety matters. If the Enlarged Group violates or fails to comply with environmental laws, regulations and permits, it could be subject to penalties, fines, restrictions on operations or other sanctions, and the Enlarged Group's operations could be interrupted or suspended.

5. Share price volatility and liquidity

Following Admission, the market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including stock market fluctuations and general economic conditions or changes in political sentiment. This may substantially affect the market price of the Ordinary Shares irrespective of the progress the Enlarged Group may make in terms of developing and expanding its products or its actual financial, trading or operational performance. These factors could include the performance of the Enlarged Group, purchases or sales of the Ordinary Shares (or the perception that the same may occur, as, for example in the period leading up to the expiration of the restrictions contained in certain lock-in and orderly marketing arrangements), legislative changes and market, economic, political or regulatory conditions or price distortions resulting from limited liquidity in the Company's shares. The share price for publicly traded companies, particularly those at an early stage of development, such as the Company, can be highly volatile. Admission to AIM should not be taken as implying that a liquid market for the Ordinary Shares will either exist, develop or be sustained following Admission. Active, liquid trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors. The liquidity of a securities market is often a function of the volume of the underlying shares that are publicly held by unrelated parties. If a liquid trading market for the Ordinary Shares does not develop, the price of the Ordinary Shares may become more volatile and it may be more difficult to complete a buy or sell order even for a relatively small number of such Ordinary Shares.

6. Substantial sales of Ordinary Shares

There can be no assurance that certain Directors, Proposed Directors or other Shareholders will not elect to sell their Ordinary Shares following the expiry of the lock-in and orderly marketing arrangements, details of which are set out in paragraph 14.1(b) of Part VI of this document, or otherwise. The market price of Ordinary Shares could decline as a result of any such sales of Ordinary Shares or as a result of the perception that these sales may occur. In addition, if these or any other sales were to occur, the Company may in the future have difficulty in offering Ordinary Shares at a time or at a price it deems appropriate.

7. There is no guarantee that the Company's Ordinary Shares will continue to be traded on AIM

The Company cannot assure investors that the Ordinary Shares will always continue to be traded on AIM or on any other exchange. If such trading were to cease, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition or as an alternative to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

8. Investment in AIM traded securities

The Ordinary Shares will be traded on AIM rather than admitted to the Official List. AIM is designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The rules of AIM are less demanding than the rules for companies admitted to the Official List and an investment in shares traded on AIM may carry a higher risk than an investment in shares admitted to the Official List. In addition, the market in shares traded on AIM may have limited liquidity (as stated above), therefore making it more difficult for an investor to realise its investment on AIM than to realise an investment in a company whose shares are admitted to the Official List. Prospective investors should therefore be aware that the market price of the Ordinary Shares may be more volatile than that of shares admitted to the Official List, and may not reflect the underlying value of the Company. Investors may, therefore, not be able to sell at a price which permits them to recover their original investment and they could lose their entire investment in the Company.

9. Issue of additional Ordinary Shares

Although the Enlarged Group's business plan does not involve the issue of Ordinary Shares other than in connection with the Acquisition, the Placing and the Open Offer, it is possible that the Company may decide to issue, pursuant to a public offer or otherwise, additional Ordinary Shares in the future at a price or prices higher or lower than the Issue Price. An additional issue of Ordinary Shares by the Company, or the public perception that an issue may occur, could have an adverse effect on the market price of Ordinary Shares and could dilute the proportionate ownership interest, and hence the proportionate voting interest, of Shareholders. This will particularly be the case if and to the extent that such an issue of Ordinary Shares is not effected on a pre-emptive basis, or Shareholders do not take up their rights to subscribe for further Ordinary Shares structured as a pre-emptive offer.

10. Dividends

Dividend growth in the Ordinary Shares will rely on underlying growth in the Enlarged Group's business and, in particular, the dividend policy mentioned in Part I of this document should not be construed as a dividend forecast. Any change in the tax treatment of dividends by the Company may reduce the level of yield received by Shareholders.

11. Coronavirus

Looking to the year ahead, there is uncertainty over the impact of coronavirus (COVID-19) on the global economy and the level of demand for energy storage. The Company's near term client focus is on European and North American projects. The Board will continue to monitor developments in respect of this matter and any potential impact on the Enlarged Group's operations.

PART IV

HISTORICAL FINANCIAL INFORMATION OF THE EXISTING GROUP

The following financial information on the Company and the Existing Group is available at www.redtenergy.com and is incorporated by reference into this document:

- Unaudited interim results for the six months ended 30 June 2019;
- Annual consolidated accounts for the financial year ended 31 December 2018;
- Annual consolidated accounts for the financial year ended 31 December 2017; and
- Annual consolidated accounts for the financial year ended 31 December 2016.

PART V

HISTORICAL FINANCIAL INFORMATION OF AVALON

The following Part V contains the historical financial information on Avalon Battery Corporation,

The financial information has been prepared under IFRS as adopted by the European Union,

The following historical financial information of Avalon is presented in this document:

- Section A: Audited historical financial information of Avalon for the three financial years ended 31 December 2018;
- Section B: Reporting Accountants' report on the historical financial information of Avalon; and
- Section C: Unaudited interim financial information of Avalon for the six months ended 30 June 2019.

SECTION A: HISTORICAL FINANCIAL INFORMATION OF AVALON BATTERY CORPORATION

Consolidated Statements of Financial Position

At 31 December

(Expressed in thousands of USD)

	Notes	*2018* *$'000*	*2017* *$'000*	*2016* *$'000*	*1 January 2016* *$'000*
Non-current assets					
Property, plant and equipment	12	563	568	125	162
Right-of-use assets	13	1,298	1,072	35	66
Equity-accounted investment	20	–	2	–	–
Intangible assets	14	6	2	7	13
Total non-current assets		1,867	1,644	167	241
Current assets					
Inventories	15	399	534	–	–
Other current assets	8(c)	288	159	89	103
Contract assets	3(b)	–	11	–	–
Trade receivables	8(b)	1,551	65	–	–
Cash and cash equivalents	8(a)	1,799	2,122	367	1,711
Total current assets		4,037	2,891	456	1,814
Total assets		5,904	4,535	623	2,055
Current liabilities					
Trade and other payables	9	4,736	1,783	355	79
Corporate income tax payable		19	6	2	1
Borrowings	10	14,167	10,275	4,965	4,195
Lease liabilities	11	236	107	36	33
Contract liabilities	3(c)	153	68	–	–
Warranty provision	16	163	64	–	–
Total current liabilities		19,474	12,303	5,358	4,308
Non-current liabilities					
Lease liabilities	11	1,072	987	–	33
Total non-current liabilities		1,072	987	–	33
Total liabilities		20,546	13,290	5,358	4,341
Net liabilities		(14,642)	(8,755)	(4,735)	(2,286)
Shareholders' deficit					
Share capital and share premium	17	4	4	1	1
Retained deficit		(15,133)	(8,703)	(4,901)	(2,493)
Other reserves	17	487	(56)	165	206
Total shareholders' deficit		(14,642)	(8,755)	(4,735)	(2,286)

Consolidated Statements of Comprehensive Loss

For the years ended 31 December

(Expressed in thousands of USD)

Continuing operations	*Notes*	*2018 $'000*	*2017 $'000*	*2016 $'000*
Revenue from contracts with customers	3(a)	2,044	342	–
Cost of sales		(3,312)	(542)	–
Gross loss		(1,268)	(200)	–
Administrative expenses		(4,084)	(3,767)	(2,320)
Other losses	5	(6)	(13)	–
Loss from operating activities		(5,358)	(3,980)	(2,220)
Finance income	6	30	4	–
Finance costs	6	(459)	(24)	(171)
Gains/(losses) on foreign currency transactions	6	(625)	248	85
Net finance income/(costs)		(1,054)	228	(86)
Share of loss on equity-accounted investment	20	(2)	(44)	–
Loss before tax		(6,414)	(3,796)	(2,406)
Income tax expense	7	(16)	(6)	(2)
Loss from continuing operations		(6,430)	(3,802)	(2,408)
Other comprehensive income (loss)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations		502	(250)	(66)
Total comprehensive loss for the year		(5,928)	(4,052)	(2,474)

Consolidated Statements of Changes in Shareholders' Deficit

For the years ended 31 December

(Expressed in thousands of USD)

	Share capital and share premium $'000	*Other reserves $'000*	*Retained deficit $'000*	*Total $'000*
Balance at 1 January 2018	4	(56)	(8,703)	(8,755)
Loss for the year	–	–	(6,430)	(6,430)
Other comprehensive income for the year	–	502	–	502
Total comprehensive loss for the year	–	502	(6,430)	(5,928)
Share-based payments	–	41	–	41
Total shareholder transactions	–	41	–	41
Balance at 31 December 2018	4	487	(15,133)	(14,642)

	Share capital and share premium $'000	*Other reserves $'000*	*Retained deficit $'000*	*Total $'000*
Balance at 1 January 2017	1	165	(4,901)	(4,735)
Loss for the year	–	–	(3,802)	(3,802)
Other comprehensive loss for the year	–	(250)	–	(250)
Total comprehensive loss for the year	–	(250)	(3,802)	(4,052)
Share-based payments	–	30	–	30
Exercise of stock options	3	(1)	–	2
Total shareholder transactions	3	29	–	32
Balance at 31 December 2017	4	(56)	(8,703)	(8,755)

	Share capital and share premium $'000	*Other reserves $'000*	*Retained deficit $'000*	*Total $'000*
Balance at 1 January 2016	1	206	(2,493)	(2,286)
Loss for the year	–	–	(2,408)	(2,408)
Other comprehensive loss for the year	–	(66)	–	(66)
Total comprehensive loss for the year	–	(66)	(2,408)	(2,474)
Share-based payments	–	25	–	25
Total shareholder transactions	–	25	–	25
Balance at 31 December 2016	1	165	(4,901)	(4,735)

Consolidated Statements of Cash Flow

For year ended 31 December

(Expressed in thousands of USD)

	Notes	*2018 $'000*	*2017 $'000*	*2016 $000*
Cash flows from operating activities				
Loss for the year		(6,430)	(3,802)	(2,408)
Adjustments for:				
Depreciation and amortisation		313	192	86
Impairment of property, plant and equipment		–	11	–
Net finance costs/(income)	6	1,054	(228)	86
Foreign exchange loss/(gain) on translation		499	(256)	(77)
Impairment of receivables	8(b)	30	–	–
Share of loss of equity-accounted investment	20	2	44	–
Equity settled share-based payment expenses	23	41	30	25
		(4,491)	(4,009)	(2,288)
Changes in:				
(Increase)/decrease in inventories	15	135	(534)	–
(Increase)/decrease in contract assets	3(b)	11	(11)	–
(Increase)/decrease in trade and other receivables	8(b),(c)	(1,645)	(135)	14
Increase in trade and other payables	9	2,814	2,184	367
Increase in warranty provision	16	99	64	–
Increase in contract liabilities	3(c)	85	68	–
		(2,992)	(2,373)	(1,907)
Interest paid		(52)	(16)	(2)
Income taxes paid	7	(3)	(3)	(1)
Net cash outflow from operating activities		(3,047)	(2,392)	(1,910)
Cash flows from investing activities				
Interest received	6	30	4	–
Acquisition of property, plant and equipment	12	(125)	(557)	(10)
Acquisition of intangible assets	14	(6)	(1)	(1)
Acquisition of equity-accounted investment	20	–	(46)	–
Net cash outflow from investing activities		(101)	(600)	(11)
Cash flows from financing activities				
Proceeds from the issue of share capital	17	–	2	–
Proceeds from the issue of convertible notes (net of issuance costs)	10(a)	3,000	–	600
Proceeds from the issue of preferred shares (net of issuance costs)	10(b)	(4)	4,800	–
Payment of lease liabilities	11	(171)	(62)	(34)
Net cash inflow from financing activities		2,825	4,740	566
Net increase/(decrease) in net cash and cash equivalents		(323)	1,748	(1,355)
Net cash and cash equivalents at 1 January		2,122	367	1,711
Effect of foreign exchange rate fluctuations on cash held		–	7	11
Net cash and cash equivalents at 31 December		1,799	2,122	367

Notes

(forming part of the consolidated historical financial information)

1. General information

Avalon Battery Corporation ("Avalon") is a private company incorporated in the United States of America, in the state of Delaware. The address of its registered office is Fremont, CA. Avalon is engaged in the business of developing and manufacturing vanadium redox flow batteries. Customers use Avalon's batteries to improve the performance and profitability of renewable energy projects and to provide flexibility to the electrical grid.

The consolidated financial information of Avalon for the years ended 31 December comprise of Avalon and its subsidiary (together the "Avalon Group"). This financial information has been prepared for the purposes of the re-admission of redT energy plc to AIM. This special purpose financial information has been prepared in accordance with the requirements of the AIM Rules for Companies and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The financial information has been prepared in a form that is consistent with the accounting policies adopted in redT energy plc's latest annual accounts.

2. Summary of significant accounting policies

(a) ***Basis of preparation***

The Avalon Group historical financial information has been prepared by directors for the first time in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and as adopted by the European Union, and consequently has applied IFRS 1.

The accounting policies have, unless otherwise stated, been applied consistently to all periods presented in this historical financial information applied across all Avalon Group entities for the purposes of producing this consolidated historical financial information and in preparing an opening IFRS balance sheet at 1 January 2016, for the purposes of the transition to IFRS. No financial information has previously been prepared for Avalon or the Avalon Group.

The financial information has been prepared on a going concern and historical cost basis, except for certain financial liabilities, which have been measured at fair value.

(b) ***Critical accounting estimates and judgements***

The preparation of this financial information in conformity with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Lease liabilities – the term relating to lease liabilities is determined in accordance with the accounting policy stated in Note 2(i) below. Management has applied judgement in concluding that the Avalon Group is reasonably certain to exercise its extension option, and this has therefore been included in the lease term.

Financial instruments – the measurement of the fair value of financial instruments in accordance with Note 2(n) requires the use of management judgement including concluding that certain conversion options are highly unlikely to occur.

(c) ***Going Concern Basis***

The Avalon Group historical financial information has been prepared on the assumption that the Merger, and the Placing and Open Offer will complete.

In addition to the Merger, and the Placing and Open Offer, the Board has also reviewed other wide-ranging information relating to both present and future conditions when reaching their conclusion regarding going concern. This information includes:

- the opportunity presented by the rapidly emerging energy storage market;
- the commercial viability of the Avalon Group's products within this market;
- contracts being delivered and projects currently in the pipeline; and
- the funds, time, and process required to achieve a cash generative state.

The Board notes that the funds to be raised in connection with Transaction are such that it has amended its plans for the Enlarged Group. This will necessitate immediate actions to reduce costs to a level that enables the Enlarged Group to deliver the existing contracts whilst continuing to develop market opportunities for its products, albeit on a more limited basis than had been planned. Taking all the above factors into account, the Board believes it is appropriate to prepare this financial information on a going concern basis. However, if the envisaged revenues are not forthcoming in the near term, the Group would require further funding shortly after a period of approximately twelve months from the date of this Admission Document.

The financial information does not include any adjustments that would be necessary should the going concern basis of preparation not be appropriate.

(d) ***Basis of consolidation***

Subsidiaries – subsidiaries are entities controlled by the Avalon Group. The Avalon Group controls an entity when the Avalon Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquisition date is the date on which control is transferred to the acquirer. The financial information of subsidiaries is included in the consolidated financial information from the date that control commences until the date that control ceases.

Investment in associates and joint ventures

For joint ventures and interest in entities in which the Avalon Group has significant influence but not control, the equity method of accounting is used. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. After application of the equity method, the Avalon Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Avalon Group determines whether there is objective evidence that the investment is impaired. If there is such evidence, the Avalon Group calculates the amount of impairment as the difference between the recoverable amount and the carrying value, and then recognises the loss within other losses in the statements of comprehensive loss.

Transactions eliminated on consolidation – intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial information.

(e) ***Operating segments***

The executive team, which has been identified as being the chief operation decision maker, consists of the chief executive officer, the president, the executive chairman and the chief technology officer. The executive team evaluates the performance of the Avalon Group and allocates resources based on the information provided by the Avalon Group's internal

management system at a consolidated level. The Avalon Group has determined it has only one operating segment.

(f) ***Foreign currency translation***

Functional and presentation currency

The financial information is presented in United States Dollar (USD), the functional currency of Avalon, rounded to the nearest thousand US Dollar.

Foreign currency transactions

Transactions in currencies different from the functional currency of the Avalon Group entity entering into the transaction are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rate at the date of transaction.

Foreign operations

The historical financial information also includes the accounts of Avalon's subsidiary (the functional currency of which is the Canadian Dollar (CAD)). Assets and liabilities have been translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in shareholders' equity.

Year-end rates to USD as applied in the financial information: CAD 0.7371 (2017: 0.7942, 2016: 0.7441).

Average rates to USD as applied in the financial information: CAD 0.7699 (2017: 0.7717, 2016: 0.7545).

(g) ***Revenue recognition***

The Avalon Group measures revenue based on the consideration specified in the contracts with customers excluding any tax amounts collected on behalf of third parties. Revenue is recognized when a performance obligation is satisfied by transferring control over a good or service to the customer. Taxes assessed by a governmental authority that are imposed on specific revenue-producing transactions are excluded from revenue.

The Avalon Group bills customers for, and recognizes as sales, any charges for shipping and handling costs. The related costs are recognized as cost of sales.

The Avalon Group generates revenue from the sale of battery storage systems and related hardware and services. The main portion of sales is derived from contractual arrangements with customers that have multiple deliverables (performance obligations), which mainly include the sale of battery systems, system related options, installation, and extended warranties. The sales agreements do not include a general right of return.

For multiple element agreements, the Avalon Group accounts for individual goods and services, including discounted goods or services, separately if they are distinct – i.e. if a product or service is separately identifiable from other items in the agreement and if a customer can benefit from it on its own or with other resources that are readily available to the customer. The consideration paid for the performance obligations is typically fixed. A significant portion of the payment is typically due before shipment or completion of the service. The total consideration of the contract is allocated between all distinct performance obligations in the contract based on their stand-alone selling prices. The stand-alone selling price is estimated using the adjusted market assessment approach.

Nature, timing of satisfying the performance obligations, and significant payment terms

(i) Battery systems (established technologies)
Prior to shipment, systems undergo a Factory Acceptance Test (FAT) in our facilities in order to verify that each system meets its standard specifications and any additional technical and performance criteria agreed with the customer. A system is shipped only after all contractual specifications are met or discrepancies from agreed upon specifications are waived. Each system's performance is re-tested after installation at the customer site.

Transfer of control of a system undergoing FAT, and recognition of revenue related to this system, will occur upon delivery of the system, depending on the shipping terms. Transfer of control of a system not undergoing a FAT, and recognition of revenue related to the system, will occur upon customer acceptance of the system.

(ii) New product introduction
New product introductions are typically a newly developed version of the battery system. New product introductions are delivered internally for extensive testing, thus fully vetting the performance and suitability of the new product before the manufacturing process is completed for systems intended for sale.

Transfer of control and revenue recognition for new product introductions occurs upon customer acceptance except when there is an established history of successful installation and customer acceptance, in which case revenue will be recognized consistent with other systems and goods after transfer of control.

(iii) Integration Services
Integration services may be provided within the selling price of a system. Integration services are distinct since these services do not significantly modify the system being purchased and the customer or a third party could be capable of performing the integration themselves if desired. Transfer of control takes place over the period of integration from delivery through testing, measured on a straight-line basis, as performance is satisfied evenly over this period of time. Revenue will be recognized at the earlier of the Avalon Group being able to make a reliable estimate or installation completion.

(iv) Warranties
The Avalon Group provides standard warranty coverage on our systems for 24 months of operation or 36 months from delivery, providing remote support, non-consumable parts, and in some cases labour necessary to repair the systems during these warranty periods. These standard warranties cannot be purchased and do not provide a service in addition to the general assurance that the system will perform as promised. As a result, no revenue is allocated to these standard warranties.

Extended warranties on our systems are accounted for as a separate performance obligation, with transfer of control taking place over the warranty period, measured on a straight-line basis.

(h) ***Income tax***

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statements of comprehensive loss except to the extent that it relates to business combinations or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or recoverable on the taxable income for the year using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to the tax payable in respect of previous years.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial information. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax liabilities are recognised only to the extent that they are not offset by unrecognised deferred tax assets.

(i) ***Leases***

At inception of a lease arrangement, the Avalon Group assesses whether a contract is, or contains, a lease component that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Avalon Group accounts for any non-lease components separately from lease components.

The Avalon Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset, or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Avalon Group is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease term ranges are:

Vehicles and equipment	3 – 5 years
Office and facilities	5 – 10 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Avalon Group's incremental borrowing rate. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Avalon Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Avalon Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Avalon has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, as well as leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

(j) ***Impairment of assets***

The carrying amounts of the Avalon Group's property, plant and equipment, right of use assets and intangible assets are reviewed at least annually to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of fair value less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). If the recoverable amount of an asset is estimated to be less than the carrying

amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statements of comprehensive loss.

(k) ***Cash and cash equivalents***

Cash and cash equivalents comprise deposits held at call with banks, including amounts placed in money market funds for short-term periods of less than 3 months.

(l) ***Trade receivables***

Trade receivables without a significant financing component are initially measured at the transaction price. There are no trade receivables with a significant financing component.

(m) ***Inventories***

Raw materials and work in progress

Raw materials and work in progress are stated at the lower of cost and net realisable value.

Finished goods

Finished goods include completed battery systems that are awaiting shipment. The cost of finished goods in the value of direct materials based on the first-in, first-out principle.

Inventory is reviewed on an ongoing basis to ensure that any obsolete stock is written off and the carrying value of all inventory lines are at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle.

(n) ***Financial instruments***

Financial assets and financial liabilities are recognised when the Avalon Group becomes a party to the contractual provisions of the instrument.

Financial assets

All financial assets are recognized and de-recognised on trade date.

The Avalon Group determines the classification of its financial assets on the basis of both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are not reclassified subsequent to their initial recognition unless the Avalon Group changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Avalon Group's financial assets are classified as follows:

Cash and cash equivalents	Amortised cost
Trade receivables	Amortised cost
Contract assets	Amortised cost
Other assets	Amortised cost

Amortized cost

At initial recognition, the Avalon Group measures financial assets at amortized cost at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent to initial recognition, financial assets at amortized cost are measured using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate except for short-term receivables where the interest revenue would be immaterial. Interest income, foreign exchange gains and losses, impairment, and any gain or loss on de-recognition are recognized in profit or loss.

Impairment of financial assets
The Avalon Group measures a loss allowance based on the lifetime expected credit losses. Lifetime expected credit losses are estimated based on factors such as the Avalon Group's past experience of collecting payments, the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables, financial difficulty of the borrower, and it becoming probable that the borrower will enter bankruptcy or financial re-organization.

Financial assets are written off when there is no reasonable expectation of recovery.

Financial liabilities

The Avalon Group determines the classification of its financial liabilities at initial recognition. The Avalon Group's financial liabilities are classified as follows:

Trade and other payables	Amortised cost
Convertible notes	Fair value through profit or loss
Preferred shares	Amortised cost

Amortised cost
At initial recognition, the group measures financial liabilities at amortized cost at its fair value less transaction costs that are directly attributable to the acquisition of the financial liability.

Financial liabilities at amortized cost are measured using the effective interest rate method.

Preferred shares, which have redemption features, are classified as liabilities. Any dividends are recognised in profit or loss as finance costs.

Fair value through profit or loss
At initial recognition, the group measures financial liabilities at fair value through profit or loss at its fair value. Transaction costs that are directly attributable to the issuance of the financial liability are recognised immediately in profit or loss.

Due to the attributes of the holders' conversion option, the convertible notes contain an embedded derivative. As the Avalon Group cannot reliably measure the embedded derivative, the convertible notes have been designated as financial liabilities measured at fair value through profit and loss. In addition, the preferred share warrants are classified as financial liabilities measured at fair value through profit and loss as these represent derivatives for the ability to purchase preferred shares. Any fair value changes subsequent to initial recognition are recognized within other losses in the consolidated statements of comprehensive loss.

De-recognition of financial liabilities
The Avalon Group de-recognizes financial liabilities when the Avalon Group's obligations are discharged, cancelled, or they expire.

Where the terms of a financial liability are renegotiated and the Avalon Group issues equity instruments to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised through profit or loss, which is measured as the difference between the carrying value of the financial liability and the fair value of the equity instruments issued.

Classification
Borrowings are classified as current liabilities as the Avalon Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(o) ***Property, plant and equipment***

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent expenditure is included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with that item will flow to the Avalon Group. All other repairs and maintenance

costs are charged to the consolidated statements of comprehensive loss in the period in which they are incurred.

Depreciation is charged to the consolidated statements of comprehensive loss on a straight-line basis to allocate the costs less residual value over their estimated useful lives as this most closely reflects the expected pattern of consumption of the future economic benefits. Depreciation commences on the date the asset is brought into use. Work in progress assets are not depreciated until they are brought into use and transferred to the appropriate category of property, plant and equipment.

Estimated useful lives for property, plant and equipment are:

Office Furniture	5 years
Computer hardware	3 years
Manufacturing equipment	5 to 20 years
Leasehold improvements	shorter of lease term and useful life

Depreciation methods, useful lives and residual values of assets are reviewed, and adjusted prospectively if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other losses) in the consolidated statements of comprehensive loss.

(p) ***Intangible assets***

Intangible assets that are acquired by the Avalon Group are stated at historical cost less accumulated amortisation and any impairment losses. Amortisation is charged to administrative expenses on the consolidated statements of comprehensive loss on a straight-line basis over their estimated useful lives.

Estimated useful lives for intangible assets are:

Computer Software	3 years

The Avalon Group incurs research and development costs associated with the development of new battery systems for sale. The Avalon Group has considered the criteria under IAS 38 for capitalization of internally generated research and development costs and does not consider the criteria to have been met. All costs to date have therefore been expensed to the consolidated statements of comprehensive loss. The Avalon Group will continue to evaluate the criteria of IAS 38 and will capitalize costs when these have been met.

(q) ***Warranty provision***

A provision for warranties is recognised when the Avalon Group has a present legal or constructive obligation as a result of past events. The provision is measured using management's best estimate of the expenditure required to settle the obligation at the end of the reporting period.

(r) ***Employee benefits***

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave that expect to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current on the balance sheet.

Employee equity incentive plan

The Avalon Group enters into arrangements that are equity-settled, share-based payments with certain employees (including directors) in the form of share options. The fair value of these options is estimated at the date of grant and combined with the Avalon Group's estimate of options that will eventually vest to arrive at an overall expected value. This value is then recognised over the vesting period. Fair value is measured by use of the Black-Scholes model. The movement in cumulative charges since the previous balance sheet is recognised through

profit or loss, with a corresponding entry in equity. On exercise, amounts previously recorded within the share-based payments reserve are transferred to share capital and share premium.

(s) ***Equity***

Ordinary shares

Ordinary shares are classed as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Preferred shares

Avalon's redeemable preferred shares are classified as financial liabilities. Avalon does not have any non-redeemable preferred shares. Non-discretionary dividends are recognised as interest expense through profit or loss as accrued. The right to receive dividends on preferred shares is non-cumulative. Payment of any dividends to the holders of preferred shares shall be made in proportion to the dividend rates.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued under the equity incentive plan.

(t) ***Government grants***

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received, and the Avalon Group has complied with all attached conditions. Grants are recognized net against administrative expenses as amounts received are in relation to costs incurred.

(u) ***Changes in accounting policies***

New standards, amendments and interpretations not yet adopted

There are no standards that are not yet effective that are expected to have a material impact on the entity in future reporting periods and on foreseeable future transactions.

3. Revenue from contracts with customers

(a) ***Revenue from contracts with customers***

The Avalon Group derives the following types of revenue:

	2018 *$'000*	*2017* *$'000*	*2016* *$'000*
Battery systems	1,969	312	–
Integration and other services	75	30	–
	2,044	342	–

The Avalon Group's revenue was derived from the following geographic regions:

	2018 *$'000*	*2017* *$'000*	*2016* *$'000*
USA	471	298	–
Asia	1,477	44	–
Other regions	96	–	–
	2,044	342	–

Revenue of $1,476,568 (2017: $123,176, 2016: $nil) was derived from a single customer. Additional revenue of $438,089 (2017: $207,931, 2016: $nil) was derived from 1 (2017: 3, 2016: nil) customers that have a concentration greater than 10%.

(b) ***Assets related to contracts with customers***

The Avalon Group has recognised the following assets related to contracts with customers:

	2018 $'000	*2017 $'000*	*2016 $'000*
Contract assets	–	11	–
	–	11	–

(c) ***Liabilities related to contracts with customers***

The Avalon Group has recognised the following liabilities related to contracts with customers:

	2018 $'000	*2017 $'000*	*2016 $'000*
Contract liabilities	153	68	–
	153	68	–

Revenue of $59,658 was recognised in 2018 that was recorded as a contract liability at the end of the previous period (2017: $nil, 2016: $nil). Contract liabilities arise as it is the Avalon Group's policy to invoice and receive payment prior to shipment and installation of battery systems.

4. Breakdown of expenses by nature

	2018 $'000	*2017 $'000*	*2016 $'000*
Depreciation and amortisation:			
Plant, property and equipment (note 12)	124	103	46
Right-of-use assets (note 13)	181	82	33
Intangible assets (note 14)	3	7	7
Personnel expenses			
Salaries, including bonuses	1,799	1,518	1,176
Benefits	143	117	106
Share-based payments (note 23)	29	23	19
Total material items from continuing operations	2,279	1,850	1,387

Government Grants

The Avalon Group received development government grants of $149,610 (2017: $221,415, 2016: $125,673) which are included in administrative expenses. There are no unfulfilled conditions or other contingencies attached to these grants.

5. Other losses

Included in comprehensive loss are the following:

	2018 $'000	*2017 $'000*	*2016 $'000*
Impairment of property, plant and equipment (note 12)	(6)	(11)	–
Disposal of right-of-use assets (note 13)	–	(2)	–
	(6)	(13)	–

6. Net finance income/(costs)

Included in comprehensive loss are the following:

	2018 $'000	2017 $'000	2016 $'000
Finance income			
Interest on bank deposits	–	1	–
Interest on money market funds	30	3	–
	30	4	–
Finance costs			
Finance charges for liabilities held at amortised cost	(337)	(8)	–
Finance charges for lease liabilities	(52)	(16)	(2)
Fair value adjustment on convertible notes	(70)	–	(169)
	(459)	(24)	(171)
Gains/(losses) on foreign currency transactions	(625)	248	85
Net finance income/(costs)	(1,054)	228	(86)

7. Income tax

Income tax expense varies from the amounts that would be computed by applying the expected income tax rate to loss before income taxes as shown in the following table:

	2018 $'000	2017 $'000	2016 $'000
Net loss before income taxes	(6,414)	(3,796)	(2,406)
Avalon's US tax rate	28%	41%	41%
Computed taxes at Avalon's statutory tax rate	(1,796)	(1,547)	(980)
Non-deductible expenses	62	18	44
Difference between domestic and foreign tax rate	443	303	216
Unutilised losses carried forward and not recognised	1,249	1,251	732
Other items	58	(19)	(10)
	16	6	2

8. Financial assets

(a) ***Cash and cash equivalents***

The following table presents the cash and cash equivalents for the Avalon Group:

	2018 $'000	2017 $'000	2016 $'000
Cash and cash equivalents	783	1,986	234
Cash held in money market funds	1,016	136	133
	1,799	2,122	367

(b) ***Trade receivables***

The following table presents the trade receivables for the Avalon Group:

	2018 $'000	2017 $'000	2016 $'000
Trade receivables from contracts with customers	1,581	65	–
Loss allowance	(30)	–	–
	1,551	65	–

(c) ***Other current assets***

The following table presents the other current assets for the Avalon Group:

	2018 *$'000*	*2017* *$'000*	*2016* *$'000*
Prepayments and deposits	90	59	64
Government grants receivable	45	18	–
Government taxes receivable	146	78	25
Other accounts receivable	7	4	–
	288	159	89

The carrying values of all financial assets above approximate their fair values due to the short-term maturity of these instruments.

9. Financial liabilities

Trade and other payables

The following table presents the trade and other payables for the Avalon Group:

	2018 *$'000*	*2017* *$000*	*2016* *$'000*
Trade payables	3,575	800	39
Accrued liabilities	1,006	929	216
Employee compensation payable	105	54	100
Government remittances payable	50	–	–
	4,736	1,783	355

The carrying values of all financial liabilities above approximate their fair values due to the short-term maturity of these instruments.

10. Borrowings

(a) ***Convertible notes***

The following table presents the convertible notes for the Avalon Group:

	2018 *$'000*	*2017* *$'000*	*2016* *$'000*
At 1 January	–	769	–
Issuances	3,000	–	600
Fair value adjustment	70	–	169
Settlement	–	(769)	–
At 31 December	3,070	–	769

On 23 March 2018 the Avalon Group entered into an agreement to issue convertible notes. The notes can be converted into preferred shares with the consent of the note holder. The notes accrue 3% interest. In 2018 there were no conversions of convertible notes.

On 1 September 2016 the Avalon Group entered into an agreement to issue convertible notes. Interest accrued at 7%. The notes were converted into $769,273 of preferred shares on 13 January 2017.

The fair value of convertible notes is calculated using level 3 inputs under the fair value hierarchy of IFRS 13 as they are not calculated with reference to observable market data. The fair value at each reporting period has been calculated based upon the valuation of the potential conversion options in the notes which includes a current or future class of preferred shares, common shares or repayment of the principal and any accrued interest.

(b) ***Redeemable preferred shares***

The following table presents the redeemable preferred shares for the Avalon Group:

	Gross value			*Transaction costs netted*		
	2018	*2017*	*2016*	*2018*	*2017*	*2016*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
At 1 January	10,680	4,500	4,500	(405)	(305)	(305)
Issuances (cash)	–	4,900	–	–	–	–
Issuances (non-cash)	826	1,280	–	–	–	–
Issuance transaction costs	–	–	–	(4)	(100)	–
At 31 December	11,506	10,680	4,500	(409)	(405)	(305)

During 2018 1,267,429 redeemable preferred shares were issued as fully paid with a par value of $0.00001 per share (2017: 9,480,480, 2016: nil). The shares are entitled to receive non-cumulative dividends at the rate of 8% per annum when declared by the Avalon board of directors. There were no dividends declared in 2018 (2017: $nil, 2016: $nil).

In 2018 the Avalon Group issued preferred shares to certain suppliers in exchange for reducing accounts payable by $826,110 (2017: $510,136, 2016: $nil). There were no proceeds from the issuance of redeemable preferred shares in 2018 (2017: $4,899,970, 2016: $nil). The redeemable preferred shares include an option to convert to common shares. The value attributed to the equity component is zero. No redeemable preferred shares were converted to common shares.

Since the shares are redeemable, they are recognised as liabilities. Under regional governing law the shares can only be redeemed when Avalon has sufficient surplus funds so that the cost of redemption would not exceed the value of Avalon's net assets.

11. Lease liabilities

The Avalon Group's leases are for vehicles, equipment, offices and manufacturing space. These leases contain no renewal option or a renewal option for five years. The Avalon Group includes renewal options in the measurement of lease obligations when it is reasonably certain it will exercise the renewal option.

The following table presents lease obligations for the Avalon Group:

	2018	*2017*	*2016*
	$'000	*$'000*	*$'000*
Current	236	107	36
Non-current	1,072	987	–
Total lease obligations at 31 December	1,308	1,094	36

The following table presents the interest and principal payments on lease liabilities as at 31 December:

	2018	*2017*	*2016*
	$'000	*$'000*	*$'000*
Interest expense	52	16	2
Principal payments	171	62	34

The following table presents the contractual undiscounted cash flows for lease obligations as at 31 December:

	2018	*2017*	*2016*
	$'000	*$'000*	*$'000*
Less than one year	279	142	37
One to five years	766	527	–
More than five years	445	606	–
Total undiscounted lease liabilities at 31 December	1,490	1,275	37

The expense relating to variable lease payments not included in the measurement of lease liabilities was $4,857 (2017: $11,487, 2016: ($294)). This consists of variable lease payments for operating costs.

The expense relating to short-term leases was $7,175 (2017: $18,000, 2016: $14,160). The Avalon Group has no low-value assets under lease.

The following table reconciles the opening and closing lease liability balance:

	2018 $'000	*2017 $'000*	*2016 $'000*
As at 1 January	1,094	36	66
Effect of movement in foreign exchange (non-cash)	(67)	32	4
Additions (non-cash)	452	1,088	–
Principal repayments	(171)	(62)	(34)
As at 31 December	1,308	1,094	36

12. Property, plant and equipment

The following tables present plant, property and equipment for the Avalon Group:

	Office furniture $'000	*Computer hardware $'000*	*Leasehold improvements $'000*	*Manufacturing equipment $'000*	*Total $'000*
Cost at 1 January 2018	14	44	128	501	687
Effect of movement in foreign exchange	(1)	(3)	(9)	(32)	(45)
Additions	7	10	37	104	158
Disposals and impairment	–	–	–	(7)	(7)
Cost at 31 December 2018	20	51	156	566	793
Accumulated depreciation at 1 January 2018	5	31	6	76	118
Effect of movement in foreign exchange	–	(2)	–	(4)	(6)
Charge for the year	3	8	17	91	119
Disposals and impairment	–	–	–	(1)	(1)
Accumulated depreciation at 31 December 2018	8	37	23	162	230
Net book value at 31 December 2018	12	14	133	404	563

	Office furniture $'000	*Computer hardware $'000*	*Leasehold improvements $'000*	*Manufacturing equipment $'000*	*Total $'000*
Cost at 1 January 2017	7	29	67	104	207
Effect of movement in foreign exchange	–	1	4	6	11
Additions	7	14	128	403	552
Disposals and impairment	–	–	(71)	(12)	(83)
Cost at 31 December 2017	14	44	128	501	687
Accumulated depreciation at 1 January 2017	3	19	41	18	81
Effect of movement in foreign exchange	–	1	3	1	5
Charge for the year	2	11	34	58	105
Disposals and impairment	–	–	(71)	(1)	(72)
Accumulated depreciation at 31 December 2017	5	31	7	76	119
Net book value at 31 December 2017	9	13	121	425	568

	Office furniture $'000	*Computer hardware $'000*	*Leasehold improvements $'000*	*Manufacturing equipment $'000*	*Total $'000*
Cost at 1 January 2016	7	28	65	96	196
Effect of movement in foreign exchange	–	–	2	3	5
Additions	–	–	–	4	4
Cost at 31 December 2016	7	28	67	103	205
Accumulated depreciation at 1 January 2016	1	10	16	7	34
Effect of movement in foreign exchange	–	–	1	–	1
Charge for the year	1	10	24	10	45
Accumulated depreciation at 31 December 2016	2	20	41	17	80
Net book value at 31 December 2016	5	8	26	86	125

Assets pledged as security

The Avalon Group has no assets pledged as security.

Impairment loss and compensation

The impairment loss relates to assets that were taken out of service when new versions of the same assets came into service. The impairment loss was recognised as other losses/(gains) in profit or loss.

No amount was received by the Avalon Group from insurance as compensation for the above noted assets.

Disposals

There were no asset disposals in 2018 (2017: no proceeds associated with asset disposals, 2016: $nil).

Geographic analysis

The Avalon Group's property, plant and equipment are in the following geographic regions:

	2018 $'000	*2017 $'000*	*2016 $'000*
USA	90	49	2
Canada	473	519	123
	563	568	125

13. Right-of-use assets

The following table presents right-of-use assets for the Avalon Group:

	2018 $'000	*2017 $'000*	*2016 $'000*
Cost at 1 January	1,130	98	95
Effect of movement in foreign exchange	(80)	6	3
Additions	478	1,130	–
Disposals	–	(104)	–
Cost at 31 December	1,528	1,130	98
Accumulated depreciation at 1 January	58	63	29
Effect of movement in foreign exchange	(4)	4	1
Charge for the year	176	84	33
Disposals	–	(93)	–
Accumulated depreciation at 31 December	230	58	63
Net book value at 31 December	1,298	1,072	35

The net book value of the vehicle and equipment included in right-of-use assets is $46,062 (2017: $16,906, 2016: $nil) and office and facilities is $1,252,067 (2017: $1,054,868, 2016: $35,337).

Disposals

There were no asset disposals in 2018 (2017: no proceeds associated with asset disposals, 2016: no asset disposals).

Geographic analysis

The Avalon Group's right of use assets are in the following geographic regions:

	2018 $'000	*2017 $'000*	*2016 $'000*
USA	422	17	–
Canada	876	1,055	35
	1,298	1,072	35

14. Intangible assets

The following table presents intangible assets for the Avalon Group:

	2018 $'000	*2017 $'000*	*2016 $'000*
Cost at 1 January	22	20	19
Effect of movement in foreign exchange	(1)	1	1
Additions	6	1	–
Cost at 31 December	27	22	20
Accumulated amortisation at 1 January	20	12	6
Effect of movement in foreign exchange	(1)	1	–
Charge for the year	2	7	7
Accumulated amortisation at 31 December	21	20	13
Net book value at 31 December	6	2	7

Impairment loss

No impairment loss was recognised by the Avalon Group in the current year (2017: $nil, 2016: $nil).

Disposals

There were no asset disposals in 2018 (2017: $nil, 2016: $nil).

15. Inventories

The following table presents inventories held by the Avalon Group:

	2018 $'000	*2017 $'000*	*2016 $'000*
Raw materials and work-in-progress	320	534	–
Finished goods	79	–	–
	399	534	–

Amounts recognised in profit or loss

Inventories recognised as an expense during the current year amounted to $2,371,577 (2017: $180,337, 2016: $nil). These were included in cost of sales.

Write-downs of inventories to net realisable value for slow-moving inventory amounted to $61,590 (2017: $3,103, 2016: $nil). These were recognised as an expense and included in cost of sales.

16. Warranty provision

A provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. The Avalon Group generally offers standard warranty coverage for 24 months of operation or 36 months from delivery. Since a warranty claim can be made any time during the warranty period the entire value of the warranty provision has been classified as current.

Movements in the provision during the reporting period are set out below:

	2018 $'000	*2017 $'000*	*2016 $'000*
Carrying amount at 1 January	64	–	–
Charges to profit or loss:			
Additional provision recognised	155	66	–
Unused amounts reversed	(5)	–	–
Amounts used during the period	(51)	(2)	–
Carrying amount at 31 December	163	64	–

17. Equity

Share capital and share premium

Movements in share capital and share premium during the reporting period are set out below:

	Ordinary shares	*Par value $*	*Share premium $*	*Total $*
At 1 January 2016	10,000,000	100.00	414	514
Issuances	–	–	–	–
At 31 December 2016	10,000,000	100.00	414	514
Stock option exercise	38,000	0.38	2,898	2,898
At 31 December 2017	10,038,000	100.38	3,312	3,412
Issuances	–	–	–	–
At 31 December 2018	10,038,000	100.38	3,312	3,412

Ordinary shares

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share. The total number of shares authorized for issue is 45,035,000. All issued shares have been fully paid.

Issuance of ordinary shares

During 2017 38,000 shares were issued as a result of the exercise of vested options arising from the equity incentive plan.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. In 2018 the reserve was $350,194 (2017: ($153,399), 2016: $97,953).

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued under the equity incentive plan. In 2018 the reserve was $136,817 (2017: $95,798, 2016: $67,293).

18. Financial risk management

The Avalon Group Financial Risk Management framework addresses the following key risks:

(a) ***Market risk – foreign exchange***

Exposure

The Avalon Group is exposed to foreign exchange translation risk on payables and cash when balances held are denominated in a currency other than the functional currency of Avalon.

The currency exposure on balances held is set out in the tables below:

	US Dollar $'000	*Canadian Dollar $'000*	*Total $'000*
31 December 2018			
Cash and cash equivalents	1,656	143	1,799
Trade receivables	1,551	–	1,551
Other current assets	38	250	288
Trade and other payables	(4,574)	(162)	(4,736)
Net exposure	(1,329)	231	(1,098)

	US Dollar $'000	*Canadian Dollar $'000*	*Total $'000*
31 December 2017			
Cash and cash equivalents	2,060	62	2,122
Trade receivables	65	–	65
Other current assets	13	146	159
Trade and other payables	(1,685)	(98)	(1,783)
Net exposure	453	110	563

	US Dollar $'000	*Canadian Dollar $'000*	*Total $'000*
31 December 2016			
Cash and cash equivalents	301	66	367
Other current assets	33	56	89
Trade and other payables	(301)	(54)	(355)
Net exposure	33	68	101

Sensitivity analysis

As shown in the market risk exposure tables the Avalon Group is exposed to changes in the USD/CAD exchange rates. A weakening (strengthening) of the CAD against the USD would decrease/(increase) comprehensive loss through exchange differences on translation of foreign operations within the statement of comprehensive loss. This calculation assumes that the change occurred at the year-end date and had been applied to risk exposures at that date. This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

A 10% weakening of the CAD against the USD would have decreased exchange differences on translation of foreign operations within the consolidated statements of comprehensive loss as follows:

	2018 $'000	*2017 $'000*	*2016 $'000*
CAD	389	259	177

A 10% strengthening of the CAD against the USD would have increased exchange differences on translation of foreign operations within the consolidated statements of comprehensive loss as follows:

	2018 *$'000*	*2017* *$'000*	*2016* *$'000*
CAD	319	212	145

(b) ***Credit risk***

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Avalon Group has significant cash and cash equivalent balances. To minimise credit risk, the Avalon Group places these instruments with reliable financial institutions located in the US and Canada. The maximum exposure is equal to their total carrying value.

The Avalon Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

On an ongoing basis, trade receivables balances attributable to each customer are monitored and appropriate action is taken to follow up on those balances when they are considered overdue. As well, deposits are required which helps to mitigate overall credit risk. The maximum exposure to loss arising from trade accounts receivable is equal to their total carrying value.

The maximum exposure to credit risk is as follows:

	2018 *$'000*	*2017* *$'000*	*2016* *$'000*
Cash on deposit	1,799	2,122	367
Trade receivables	1,581	65	–
Loss allowance	(30)	–	–
Other receivables	7	4	–
Contract assets	–	11	–
	3,357	2,202	367

The ageing of trade receivables at the year-end date was:

	2018 *$'000*	*2017* *$'000*	*2016* *$'000*
Current	62	–	–
More than 30 days past due	30	65	–
More than 60 days past due	26	–	–
More than 120 days past due	1,463	–	–
	1,581	65	–

The ageing of contract assets at the year-end date was:

	2018 *$'000*	*2017* *$'000*	*2016* *$'000*
Current	–	11	–
	–	11	–

As at 31 December, trade receivables that were past due but not impaired relate to customers for whom there is no history of default. In 2018 $1,453,381 (2017: $nil, 2016: $nil) of past due receivables were subject to a netting arrangement (note 24).

The creation and release of a provision for impaired receivables has been included in administrative expenses in the consolidated statements of comprehensive loss. Amounts charged to the allowance account are generally written off when there is significant doubt in the Avalon Group's ability to recover additional cash.

Concentration risk

In 2018 92% (2017: 100%, 2016: nil) of past due receivables were associated with a single customer. Such receivables are subject to offsetting arrangements (note 24).

Impairment losses

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2018 $'000	*2017 $'000*	*2016 $'000*
Balance at 1 January	–	–	–
Written off against provision	–	–	–
Increase in provision	30	–	–
Balance at 31 December	30	–	–

(c) ***Liquidity risk***

Liquidity risk is the risk that the Avalon Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The ability to do this relies on the Avalon Group expanding its customer base, collecting its trade receivables, completing financings in a timely manner and by maintaining sufficient cash and cash equivalents on hand.

The following tables show the contractual maturities of financial liabilities:

2018	*Carrying $'000*	*Contractual $'000*	*Less than 1 year $'000*	*Between 1 and 5 years $'000*	*Over 5 years $'000*
Trade and other payables	3,701	3,701	3,701	–	–
Accrued liabilities	1,035	1,035	1,035	–	–
Borrowings	14,167	14,167	14,167	–	–
Lease liabilities	1,308	1,490	279	766	445
Contract liabilities	153	153	153	–	–
	20,364	20,546	19,335	766	445

2017	*Carrying $'000*	*Contractual $'000*	*Less than 1 year $'000*	*Between 1 and 5 years $'000*	*Over 5 years $'000*
Trade and other payables	831	831	831	–	–
Accrued liabilities	952	952	952	–	–
Borrowings	10,275	10,275	10,275	–	–
Lease liabilities	1,094	1,275	142	527	606
Contract liabilities	68	68	68	–	–
	13,220	13,401	12,268	527	606

2016	*Carrying $'000*	*Contractual $'000*	*Less than 1 year $'000*	*Between 1 and 5 years $'000*	*Over 5 years $'000*
Trade and other payables	118	118	118	–	–
Accrued liabilities	237	237	237	–	–
Borrowings	4,965	4,965	4,965	–	–
Lease liabilities	36	37	37	–	–
	5,356	5,357	5,357	–	–

19. Capital management

Given the Avalon Group's development stage, the Avalon board's policy with regards to capital management is to maintain a strong working capital base (cash, accounts receivable, accounts payable and inventory) in order to maintain investor, creditor and market confidence and to sustain future development of the business. To ensure this, the board regularly reviews the Avalon Group's cash requirements and future projections to ensure the Avalon Group has sufficient cash-inflows from operating and financing activities. Funds are raised through the issuance of preference shares or convertible notes. There are no covenant requirements attached to these instruments.

20. Avalon Group entities

Significant subsidiary

The following subsidiary is included in the consolidated financial information of the Avalon Group:

Investment	*Country of incorporation*	*Principal activity*	*Ownership 2018*	*2017*	*2016*
Direct subsidiary undertakings					
Avalon Battery (Canada) Corporation	Canada	Product development and manufacturing	100%	100%	100%

Interest in associates and joint ventures

The Avalon Group and Brantingham & Carroll International Ltd ("BCI") (a related party with significant influence over the Avalon Group) became joint shareholders (owning 50% each) in Invinity Energy Limited, a company incorporated in Hong Kong ("Invinity (HK)"), in November 2017, that was established to acquire a stake in a vanadium processing facility in China, with associated exploration preferences on vanadium-bearing properties near that processing facility.

During 2018 the Avalon Group and BCI transferred their ownership to Invinity Energy Group Limited, a company newly incorporated in the British Virgin Islands ("Invinity (BVI)"). Invinity (BVI) owns one hundred percent of Invinity (HK). Concurrently in 2018 Invinity (BVI) raised $4.3m through share issuances and $1.7m in debt to other counterparties thereby reducing Avalon's interest in Invinity (BVI) to 29.56%.

In 2018 Invinity (HK) entered into an agreement to purchase a 70% interest in Gu Zhang County Vanadium Industry Company Limited ("Gu Zhang"), a Chinese company that owns 100% of Hunan Hongyuan New Energy Technology Company Limited, a company incorporated in China, at a cost of approximately $15.9m. The purchase agreement required cash payments in various stages to complete the sale. As at 31 December 2018 only $5.6m has been paid of the total transaction price.

In 2018 the market price for vanadium dropped significantly and no further funds could be raised. Since the funds raised were not sufficient to develop the processing facility the project was put on hold.

The Avalon Group's interest in shares is accounted for using the equity method.

Reconciliation of carrying value:

	2018 $'000	*2017 $'000*	*2016 $'000*
Balance at 1 January	2	–	–
Investment	–	46	–
Share of loss up to the carry value	(2)	(44)	–
Balance at 31 December	–	2	–

In 2019 the Avalon Group provided $250,000 in convertible notes that accrue 12% interest to Invinity (BVI) to continue its search for further investment so it could complete the purchase of Gu Zhang. During this period $851,000 in additional debt was raised which allowed Invinity (HK) to pay a further $973,000 to Gu Zhang towards the purchase price. As at 31 December 2019 $6.5m of the approximately $15.9m purchase price had been paid.

In September 2019, following the announcement of the merger with redT and the interim funding from Bushveld the Avalon board of directors decided the investment was no longer in the best interests of the Avalon Group. In December 2019 the entire holding was sold to an Avalon director for $3,000.

21. Events occurring after the reporting period

Issuance of convertible notes

In April 2019 the Avalon Group entered into an agreement to issue $1m in convertible notes. The notes can be convertible into preferred shares with the consent of the note holder. The notes accrue 3% interest. These notes were converted to Series C preferred shares (see below).

In November 2019 the Avalon Group entered into an agreement to issue $800,000 in convertible notes. The notes can be convertible into preferred shares with the consent of the note holder. The notes accrue 12% interest. In March 2020 the Avalon Group issued an additional $1m in convertible notes under the same terms as the November 2019 notes. These notes were converted to Series C preferred shares in March 2020.

Interim funding

In July 2019 the Avalon Group entered into an interim financing agreement to issue $5m in convertible notes to Bushveld Minerals Limited ("Bushveld"). The notes accrue 12% interest. The notes were issued in four tranches between November 2019 and January 2020. As part of this agreement Avalon provided redT with $2.5m in financing with interest at 12%. Upon completion of the Merger, Bushveld will receive a 20% commitment fee which together with the principal and accrued interest will convert into ordinary shares of the merged entity. In the event that the Merger is not successfully completed the principal and accrued interest owed by redT to the Avalon Group will become due six months after any announcement that the Merger is no longer proceeding and notes issued to Bushveld will be converted into ordinary shares and warrants of the Avalon Group. redT has granted security over certain of its assets to Avalon as part of the interim funding.

Issuance of preferred shares and common share warrants

In March 2020 the Avalon Group completed an equity fundraising by issuing 8,171,035 redeemable preferred shares. These shares were issued to certain suppliers in exchange for reducing accounts payable to a related party (note 22) by $2,660,989 and to convert $4,173,917 of outstanding convertible notes. Additionally, 250,000 common share warrants were issued to a related party (note 22). No cash was received in this transaction.

Preferred share warrants

In February 2020 all vested and un-vested warrants were cancelled for $nil consideration. No preferred share warrants had been exercised prior to this date.

Interest in associates and joint ventures (see note 20)

22. Related parties

(a) ***Key management compensation***

The Avalon Group defines key management personnel as being the Avalon board of directors and the Avalon executive team. The remuneration of key management personnel during the year were as follows:

	2018 $'000	*2017 $'000*	*2016 $'000*
Salary and short-term employee benefits	573	488	433
Share-based payments	20	11	9
	593	499	442

Compensation of the Avalon Group's key management personnel includes salaries, bonuses, cash and non-cash benefits, and share-based payments.

(b) ***Transactions with related parties***

Amounts being charged to the consolidated statements of comprehensive loss for related party transactions are as follows:

	2018 *$'000*	*2017* *$'000*	*2016* *$'000*
Sale of goods and services	1,399	77	–
Purchase of goods and services	3,665	1,979	156

Outstanding balances arising from these transactions with the related party are as follows:

	2018 *$'000*	*2017* *$'000*	*2016* *$'000*
Trade receivables	1,453	–	–
Other current assets	7	4	–
Trade and other payables	4,335	1,493	156

All of the balances are with a single related party that has significant influence over the Avalon Group. None of the balances are secured. No expense has been recognised in the current year (2017: $nil, 2016: $nil) for bad or doubtful debts in respect of amounts owed by related parties. No guarantees have been given or received.

23. Share-based payments

(a) ***Common share options***

Options have been granted to employees and non-employee directors to purchase common shares. The exercise price of the options is determined by the Avalon board of directors. These options generally vest over a period of up to four years from the grant date. Vesting is solely dependent on remaining employed in the business. The options granted typically expire on the tenth anniversary of the grant date. The maximum number of shares that may be issued pursuant to the exercise of options under the stock options plan is limited to 5,690,802 in aggregate.

Details of the common option plan are as follows:

	2018		*2017*		*2016*	
	Number *#*	*Weighted average exercise price* *$*	*Number* *#*	*Weighted average exercise price* *$*	*Number* *#*	*Weighted average exercise price* *$*
Outstanding, 1 January	3,215,000	0.04	2,818,000	0.04	2,220,000	0.04
Granted	745,000	0.06	635,000	0.06	680,000	0.04
Forfeited	(30,000)	0.06	(200,000)	0.04	(82,000)	0.04
Exercised	–	–	(38,000)	0.06	–	–
Outstanding, 31 December	3,930,000	0.05	3,215,000	0.04	2,818,000	0.04

The following table summarizes the options outstanding and exercisable as at 31 December 2018:

	Options outstanding			*Options exercisable*		
Exercise price *$*	*Number of options* *#*	*Weighted average exercise price* *$*	*Weighted average remaining contractual life (years)*	*Number of options exercisable* *#*	*Weighted average exercise price* *$*	*Weighted average remaining contractual life (years)*
0.04 – 0.063	3,930,000	0.05	6.74	2,463,081	0.04	6.23

The following table summarizes the options outstanding and exercisable as at 31 December 2017:

	Options outstanding			Options exercisable		
Exercise price $	*Number of options #*	*Weighted average exercise price $*	*Weighted average remaining contractual life (years)*	*Number of options exercisable #*	*Weighted average exercise price $*	*Weighted average remaining contractual life (years)*
0.04 – 0.063	3,215,000	0.04	7.07	1,589,665	0.04	6.65

The following table summarizes the options outstanding and exercisable as at 31 December 2016:

	Options outstanding			Options exercisable		
Exercise price $	*Number of options #*	*Weighted average exercise price $*	*Weighted average remaining contractual life (years)*	*Number of options exercisable #*	*Weighted average exercise price $*	*Weighted average remaining contractual life (years)*
0.04 – 0.044	2,818,000	0.04	7.75	941,333	0.04	7.37

The weighted average fair value of common stock options granted during 2018 was $0.05 per share (2017: $0.05, 2016: $0.03).

The fair value of each option granted was estimated on the grant date using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2018	*2017*	*2016*
Exercise price and share price at grant date	$0.063	$0.063	$0.040
Expected life [in years]	5.96	6.25	5.92
Risk-free interest rate	2.96%	2.14%	1.21%
Expected volatility	104%	121%	126%
Dividend yield	0.00%	0.00%	0.00%

The expected volatility is based on the historic volatility (based on the remaining life of the options) of a number of comparator companies with publicly available share prices.

(b) ***Preferred share warrants***

In 2017 Avalon entered into an agreement with a customer to provide 11,247,529 preferred share warrants as a sales incentive to reach certain revenue targets. These warrants vest over four years when certain revenue targets are met.

Details of the warrants are as follows:

	2018 Number of warrants #	*2017 Number of warrants #*	*2016 Number of warrants #*
Outstanding, 1 January	11,247,529	–	–
Granted	–	11,247,529	–
Forfeited	4,595,559	–	–
Outstanding, 31 December	6,651,970	11,247,529	–

The warrants have a fair value of $nil as at 31 December 2018 (2017: $nil, 2016: $nil) and $nil expense (2017: $nil, 2016: $nil) was recognized in the year ending 31 December 2018.

As of 31 December 2018, a total of 1,703,650 (2017: 1,349,703, 2016, nil) warrants had vested and are available for exercise.

24. Offsetting financial assets and financial liabilities

The following table presents the recognised financial instruments that are considered on a net basis by parties but not offset, as at 31 December. The column 'net amount' shows the impact on the Avalon Group's balance sheet if all set-off arrangements were exercised.

2018	*Amounts presented on the statement of financial position $'000*	*Amounts subject to netting arrangements $'000*	*Net amount $'000*
Financial assets			
Trade receivables	1,551	(1,453)	98
Other current assets	288	(7)	281
Financial liabilities			
Trade and other payables	4,736	(1,460)	3,275

2017	*Amounts presented on the statement of financial position $'000*	*Amounts subject to netting arrangements $'000*	*Net amount $'000*
Financial assets			
Other current assets	159	(4)	155
Financial liabilities			
Trade and other payables	1,783	(4)	1,779

Financial assets and liabilities have not been offset due to regional banking restrictions that require receivables and payables to be settled separately.

SECTION B: REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF AVALON

The Directors
redT energy plc
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47-49 La Motte Street
St Helier
Jersey
JE2 4SZ

Investec Bank plc (the "**Nominated Adviser**")
30 Gresham Street
London
EC2v 7QP

13 March 2020

Dear Ladies and Gentlemen

Avalon Battery Corporation

We report on the financial information relating to Avalon Battery Corporation ("**Avalon**") for the three years ended 31 December 2018 set out in section A of Part V of this document (the "**Financial Information Table**"). The Financial Information Table has been prepared for inclusion in the admission document dated 13 March 2020 (the "**Admission Document**") of redT energy plc (the "**Company**") on the basis of the accounting policies set out in note 2 to the Financial Information Table. This report is required by Schedule Two of the AIM rules for Companies published by London Stock Exchange plc (the "**AIM Rules**") and is given for the purpose of complying with that Schedule and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the Financial Information Table in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the Financial Information Table gives a true and fair view, for the purposes of the Admission Document and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two to the AIM Rules, consenting to its inclusion in the Admission Document.

Basis for Qualified Opinion

There was previously no statutory requirement for the financial statements of Avalon to be audited and as such a statutory auditor was not in place at 31 December 2016, 31 December 2017 and 31 December 2018. As a result, a statutory auditor did not observe the counting of the physical inventories at 31 December 2016, 31 December 2017 and 31 December 2018. We have been unable to satisfy ourselves by alternative means concerning inventory quantities held at 31 December 2016 of $0, 31 December 2017 of $534,000 and 31 December 2018 of $399,000. As a result of these matters, we were unable to determine whether any adjustments might have been found to be necessary in

respect of inventories. Since inventories enter into the determination of the financial performance, we were also unable to determine whether adjustments might have been necessary in respect of the loss for the years reported in the Financial Information Table in section A of Part V below. Our opinion in respect of the state of the affairs of Avalon as at 31 December 2016, 31 December 2017 and 31 December 2018 and of the loss for the years then ended included in the Financial Information Table is modified in this respect.

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to Avalon's circumstances, consistently applied and adequately disclosed.

We planned our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, the Financial Information Table gives, for the purposes of the Admission Document dated 13 March 2020, a true and fair view of the state of affairs of Avalon as at the dates stated and of its losses, cash flows and changes in equity for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

SECTION C: UNAUDITED INTERIM FINANCIAL INFORMATION OF AVALON FOR THE SIX MONTHS ENDED 30 JUNE 2019

Consolidated Interim Statements of Financial Position

At 30 June

(Expressed in thousands of USD)

	Notes	*30 June 2019 (unaudited) $'000*	*31 December 2018 (audited) $'000*
Non-current assets			
Property, plant and equipment		506	563
Right-of-use assets		1,230	1,298
Equity-accounted investment	9	–	–
Intangible assets		5	6
Total non-current assets		1,741	1,867
Current assets			
Inventories		382	399
Other current assets	6(c)	395	288
Trade receivables	6(b)	1,585	1,551
Cash and cash equivalents	6(a)	2,011	1,799
Total current assets		4,373	4,037
Total assets		6,114	5,904
Current liabilities			
Trade and other payables	7	5,983	4,736
Corporate income tax payable		15	19
Borrowings	8	15,219	14,167
Lease liabilities		211	236
Contract liabilities		681	153
Warranty provision		97	163
Total current liabilities		22,206	19,474
Non-current liabilities			
Lease liabilities		1,004	1,072
Total non-current liabilities		1,004	1,072
Total liabilities		23,210	20,546
Net liabilities		(17,096)	(14,642)
Shareholders' deficit			
Share capital and share premium		6	4
Retained deficit		(17,342)	(15,133)
Other reserves		240	487
Total shareholders' deficit		(17,096)	(14,642)

Consolidated Interim Statements of Comprehensive Loss

For the 6 months to 30 June

(Expressed in thousands of USD)

	Notes	*30 June 2019 (unaudited) $'000*	*30 June 2018 (unaudited) $'000*
Continuing operations			
Revenue from contracts with customers	3(a)	516	1,481
Cost of sales		(853)	(1,493)
Gross loss		(337)	(12)
Administrative expenses		(1,806)	(2,157)
Impairment of equity accounted investments		(153)	–
Other losses	4	(5)	–
Loss from operating activities		(2,301)	(2,169)
Finance income	5	16	12
Finance costs	5	(228)	(190)
Gains/(losses) on foreign currency transactions	5	305	(325)
Net finance income/(costs)	5	93	(503)
Share of loss on equity-accounted investment	9	–	(2)
Loss before tax		(2,208)	(2,674)
Income tax expense		(1)	(1)
Loss from continuing operations		(2,209)	(2,675)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(284)	252
Total comprehensive loss for the period		(2,493)	(2,423)

Consolidated Interim Statements of Changes in Shareholders' Deficit

For the 6 months ended 30 June

(Expressed in thousands of USD)

	Share capital and share premium $'000	*Other reserves $'000*	*Retained deficit $'000*	*Total $'000*
Balance at 1 January 2019	4	487	(15,133)	(14,642)
Loss for the period	–	–	(2,209)	(2,209)
Other comprehensive loss for the period	–	(284)	–	(284)
Total comprehensive loss for the period	–	(284)	(2,209)	(2,493)
Share-based payments	–	37	–	37
Share issuance	2	–	–	2
Total shareholder transactions	2	37	–	39
Balance at 30 June 2019 (unaudited)	6	240	(17,342)	(17,096)

	Share capital and share premium $'000	*Other reserves $'000*	*Retained deficit $'000*	*Total $'000*
Balance at 1 January 2018	4	(56)	(8,703)	(8,755)
Loss for the period	–	–	(2,675)	(2,675)
Other comprehensive gain for the period	–	252	–	252
Total comprehensive loss for the period	–	252	(2,675)	(2,423)
Share-based payments	–	24	–	24
Total shareholder transactions	–	24	–	24
Balance at 30 June 2018 (unaudited)	4	220	(11,378)	(11,154)

Consolidated Interim Statements of Cash Flow

For the 6 months to 30 June

(Expressed in thousands of USD)

	Notes	*30 June 2019 (unaudited) $'000*	*30 June 2018 (unaudited) $'000*
Cash flows from operating activities			
Loss for the period		(2,209)	(2,675)
Adjustments for:			
Depreciation and amortisation		168	152
Impairment of property, plant and equipment		5	–
Net finance (gains)/costs	5	92	(503)
Foreign exchange loss/(gain) on translation		(293)	249
Impairment of receivables	6(b)	38	–
Share of loss on equity-accounted investment		–	2
Impairment of equity-accounted investments		153	–
Equity settled vendor arrangement		2	–
Equity settled share-based payment expenses		37	24
		(2,007)	(2,751)
Changes in:			
(Increase)/decrease in inventories		17	(63)
Decrease in contract assets		–	2
Increase in trade and other receivables	6(b),(c)	(179)	(1,396)
Increase in trade and other payables	7	1,229	2,556
Increase/(decrease) in warranty provision		(66)	7
Increase in contract liabilities		527	28
		(479)	(1,617)
Interest paid		(28)	(22)
Income taxes paid		(1)	(1)
Net cash outflow from operating activities		(508)	(1,640)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(16)	(117)
Loan to equity-accounted investment		(150)	–
Net cash outflow from investing activities		(166)	(117)
Cash flows from financing activities			
Proceeds from the issue of convertible notes	8(a)	1,000	3,000
Proceeds from the issue of preferred shares	8(b)	–	(4)
Payment of lease liabilities		(123)	(73)
Net cash inflow from financing activities		877	2,923
Net increase in net cash and cash equivalents		203	1,166
Net cash and cash equivalents at 1 January		1,799	2,122
Effect of foreign exchange rate fluctuations on cash held		9	3
Net cash and cash equivalents at 30 June		2,011	3,291

Notes

(forming part of the consolidated historical financial information)

1. General information

Avalon Battery Corporation ("Avalon") is a private company incorporated in the United States of America, in the state of Delaware. The address of its registered office is Fremont, CA. The consolidated historical interim financial information for the period from 1 January 2019 to 30 June 2019 comprises Avalon and its subsidiary (together the "Avalon Group").

This financial information has been prepared for the purposes of the re-admission of redT energy plc to AIM.

2. Summary of significant accounting policies

(a) ***Basis of preparation***

This condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard IAS 34 "*Interim Financial Reporting*" and has been prepared in a form that is consistent with the accounting policies adopted in the Avalon Group's latest annual accounts. These condensed consolidated interim financial statements have been prepared in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated historical financial information of the Avalon Group as at and for the year ended 31 December 2018 as set out in Section A of Part V of this Admission Document.

The financial information has been prepared on a going concern and historical cost basis, except for certain financial liabilities, which have been measured at fair value

(b) ***Critical accounting estimates and judgements***

The preparation of this financial information in conformity with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. There are no changes to our critical accounting estimates and judgement compared with the consolidated financial information for the year ended 31 December 2018.

(c) ***Going Concern Basis***

The Avalon Group historical financial information has been prepared on the assumption that the Merger, and the Placing and Open Offer will complete.

In addition to the Merger, and the Placing and Open Offer, the Board has also reviewed other wide-ranging information relating to both present and future conditions when reaching their conclusion regarding going concern. This information includes:

- the opportunity presented by the rapidly emerging energy storage market;
- the commercial viability of the Avalon Group's products within this market;
- contracts being delivered and projects currently in the pipeline; and
- the funds, time, and process required to achieve a cash generative state.

Taking all the above factors into account, the Board believes it is appropriate to prepare this financial information on a going concern basis.

The financial information does not include any adjustments that would be necessary should the going concern basis of preparation not be appropriate.

3. Revenue from contracts with customers

The Avalon Group derives the following types of revenue:

	30 June 2019 (unaudited) $'000	*30 June 2018 (unaudited) $'000*
Battery systems	488	1,449
Integration and other services	28	32
	516	1,481

The Avalon Group's revenue was derived from the following geographic regions:

	30 June 2019 (unaudited) $'000	*30 June 2018 (unaudited) $'000*
USA	516	45
Asia	–	1,436
	516	1,481

Revenue of $342,926 (30 June 2018: $1,435,992) was derived from a single customer. Additional revenue of $171,702 (30 June 2018: $nil) was derived from 2 customers (30 June 2018: nil) that have a concentration greater than 10%.

4. Other losses

Included in comprehensive loss are the following:

	30 June 2019 (unaudited) $'000	*30 June 2018 (unaudited) $'000*
Impairment of property, plant and equipment	5	–
	5	–

5. Net finance income/(costs)

Included in comprehensive loss are the following:

	30 June 2019 (unaudited) $'000	*30 June 2018 (unaudited) $'000*
Finance income		
Interest on bank deposits	1	–
Interest on money market funds	12	12
Interest on equity-accounted investment loan	3	–
	16	12
Finance costs		
Fair value adjustment on convertible notes	(52)	(25)
Finance charges for liabilities held at amortised cost	(150)	(143)
Finance charges for lease liabilities	(26)	(22)
	(228)	(190)
Gains/(losses) on foreign currency transactions	305	(325)
Net finance income/(costs)	93	(503)

6. Financial assets

(a) ***Cash and cash equivalents***

The following table presents the cash and cash equivalents for the Avalon Group:

	30 June 2019 (unaudited) $'000	*31 December 2018 (audited) $'000*
Cash and cash equivalents	1,184	783
Cash held in money market funds	827	1,016
	2,011	1,799

(b) ***Trade receivables***

The following table presents the trade receivables for the Avalon Group:

	30 June 2019 (unaudited) $'000	*31 December 2018 (audited) $'000*
Trade receivables from contracts with customers	1,653	1,581
Loss allowance	(68)	(30)
	1,585	1,551

(c) ***Other current assets***

The following table presents the other current assets for the Avalon Group:

	30 June 2019 (unaudited) $'000	*31 December 2018 (audited) $'000*
Prepayments and deposits	309	90
Government grants receivable	39	45
Government taxes receivable	39	146
Other accounts receivable	8	7
	395	288

The carrying value of all financial assets above approximate their fair values due to the short-term maturity of these instruments.

7. Financial liabilities

Trade and other payables

The following table presents the trade and other payables for the Avalon Group:

	30 June 2019 (unaudited) $'000	*31 December 2018 (audited) $'000*
Trade payables	4,847	3,575
Accrued liabilities	829	1,006
Employee compensation payable	306	105
Government remittances payable	1	50
	5,983	4,736

The carrying value of all financial liabilities above approximate their fair values due to the short-term maturity of these instruments.

8. Borrowings

(a) *Convertible notes*

The following table presents the convertible notes for the Avalon Group:

	30 June 2019 (unaudited) $'000	*31 December 2018 (audited) $'000*
At 1 January	3,070	–
Issuances	1,000	3,000
Fair value adjustment	52	70
Settlement	–	–
At period end	4,122	3,070

On 2 April 2019 the Avalon Group entered into an agreement to issue convertible notes. The notes can be convertible into preferred shares with the consent of the note holder. The notes accrue 3% interest.

The fair value of convertible notes is calculated using level 3 inputs under the fair value hierarchy of IFRS 13 as they are not calculated with reference to observable market data. The fair value at each reporting period has been calculated based upon the valuation of the potential conversion options in the notes which includes a current or future class of preferred shares, common shares or repayment of the principal and any accrued interest.

(b) *Redeemable preferred shares*

The following table presents the redeemable preferred shares for the Avalon Group:

	Gross Value		*Transaction costs netted*	
	30 June 2019 (unaudited) $'000	*31 December 2018 (audited) $'000*	*30 June 2019 (unaudited) $'000*	*31 December 2018 (audited) $'000*
At 1 January	11,506	10,680	(409)	(405)
Issuances (cash)	–	–	–	–
Issuances (non-cash)	–	826	–	–
Issuance transaction costs	–	–	–	(4)
At period end	11,506	11,506	(409)	(409)

The shares are entitled to receive non-cumulative dividends at the rate of 8% per annum when declared by the Board of Directors. There were no dividends declared in 2019 (2018: $nil).

Since the shares are redeemable, they are recognised as liabilities. Under regional governing law the shares can only be redeemed when Avalon has sufficient surplus funds so that the cost of redemption would not exceed the value of Avalon's net assets.

9. Avalon Group entities

Significant subsidiary

The following subsidiary is included in the consolidated financial information of the Avalon Group:

Investment	*Country of incorporation*	*Principal activity*	*Ownership 2019*	*2018*
Direct subsidiary undertakings				
Avalon Battery (Canada) Corporation	Canada	Product development and manufacturing	100%	100%

Interest in associates and joint ventures

The Avalon Group and Brantingham & Carroll International Ltd ("BCI") (a related party with significant influence over the Avalon Group) became joint shareholders (owning 50% each) in Invinity Energy Limited, a company incorporated in Hong Kong ("Invinity (HK)"), in November 2017, that was established to acquire a stake in a vanadium processing facility in China, with associated exploration preferences on vanadium-bearing properties near that processing facility.

During 2018 the Avalon Group and BCI transferred their ownership to Invinity Energy Group Limited, a company newly incorporated in the British Virgin Islands ("Invinity (BVI)"). Invinity (BVI) owns one hundred percent of Invinity (HK). Concurrently in 2018 Invinity (BVI) raised $4.3m through share issuances and $1.7m in debt to other counterparties thereby reducing Avalon's interest in Invinity (BVI) to 29.56%.

In 2018 Invinity (HK) entered into an agreement to purchase a 70% interest in Gu Zhang County Vanadium Industry Company Limited ("Gu Zhang"), a Chinese company that owns 100% of Hunan Hongyuan New Energy Technology Company Limited, a company incorporated in China, at a cost of approximately $15.9m. The purchase agreement required cash payments in various stages to complete the sale. As at 30 June 2019 only $6.1m (31 December 2018: $5.6m) has been paid of the total transaction price.

In 2018 the market price for vanadium dropped significantly and no further funds could be raised. Since the funds raised were not sufficient to develop the processing facility the project was put on hold.

In H1 2019 the Avalon Group provided $150,000 in convertibles notes that accrues 12% interest to Invinity (BVI) to continue its search for further investment so it could complete the purchase of Gu Zhang County Vanadium Industry Company Limited. During this period $598,000 in additional debt was raised which allowed Invinity (HK) to pay a further $476,000 to Gu Zhang towards the purchase price. Due to the low market price for vanadium and continued search for further investment the loan was impaired.

The Avalon Group's interest in shares is accounted for using the equity method, the loan investment is accounted for at amortised cost.

Reconciliation of carrying value:

	30 June 2019 (unaudited) $'000	*31 December 2018 (audited) $'000*
Balance at 1 January	–	2
Share of loss up to the carry value		(2)
Investment	150	–
Interest on investment loan	3	–
Share of loss up to the carry value	(55)	(2)
Impairment of investment loan	(153)	–
Balance at period end	–	–

In H2 2019 the Avalon Group provided an additional $100,000 in convertible notes that accrue 12% interest to Invinity (BVI). During this period $253,000 in additional debt was raised which allowed Invinity (HK) to pay a further $497,000 to Gu Zhang towards the purchase price. As at 31 December 2019 $6.5m of the approximately $15.9m purchase price had been paid.

In September 2019, following the announcement of the merger with redT and the interim funding from Bushveld the Avalon board of directors decided the investment was no longer in the best interests of the Avalon Group. In December 2019 the entire holding was sold to an Avalon director for $3,000.

10. Events occurring after the reporting period

Issuance of convertible notes

In November 2019 the Avalon Group entered into an agreement to issue $800,000 in convertible notes. The notes can be convertible into preferred shares with the consent of the note holder. The notes accrue 12% interest. In March 2020 the Avalon Group issued an additional $1m in convertible notes under the same terms as the November 2019 notes. These notes were converted to Series C preferred shares in March 2020.

Interim funding

In July 2019 the Avalon Group entered into an interim financing agreement to issue $5m in convertible notes to Bushveld Minerals Limited ("Bushveld"). The notes accrue 12% interest. The notes were issued in four tranches between November 2019 and January 2020. As part of this agreement Avalon provided redT with $2.5m in financing with interest at 12%. Upon completion of the Merger, Bushveld will receive a 20% commitment fee which together with the principal and accrued interest will convert into ordinary shares of the merged entity. In the event that the Merger is not successfully completed the principal and accrued interest owed by redT to the Avalon Group will become due six months after any announcement that the Merger is no longer proceeding and notes issued to Bushveld will be converted into ordinary shares and warrants of the Avalon Group. redT has granted security over certain of its assets to Avalon as part of the interim funding.

Issuance of preferred shares and common share warrants

In March 2020 the Avalon Group completed an equity fundraising by issuing 8,171,035 redeemable preferred shares. These shares were issued to certain suppliers in exchange for reducing accounts payable to a related party (note 11) by $2,660,989 and to convert $$4,173,917 of outstanding convertible notes. Additionally, 250,000 common share warrants were issued to a related party (note 11). No cash was received in this transaction.

Preferred share warrants

In February 2020 all vested and un-vested warrants were cancelled for $nil consideration. No preferred share warrants had been exercised prior to this date.

11. Related parties

(a) ***Key management compensation***

The Avalon Group defines key management personnel as being the Avalon board of directors and the Avalon executive team. The remuneration of key management personnel during the year were as follows:

	30 June 2019 (unaudited) $'000	*30 June 2018 (unaudited) $'000*
Salary and short-term employee benefits	242	304
Share-based payments	19	10
	261	314

Compensation of the Group's key management personnel includes salaries, bonuses, cash and non-cash benefits and share-based payments.

(b) ***Transactions with related parties***

Amounts being charged to the consolidated interim statements of comprehensive loss for related party transactions are as follows:

	30 June 2019 (unaudited) $'000	*30 June 2018 (unaudited) $'000*
Sale of goods and services	–	1,373
Purchase of goods and services	846	1,908

Outstanding balances arising from these transactions with the related party are as follows:

	30 June 2019 (unaudited) $'000	*31 December 2018 (audited) $'000*
Trade receivables	1,454	1,453
Other current assets	7	7
Trade and other payables	5,194	4,335

All of the balances are with a single related party that has significant influence over the Avalon Group. None of the balances are secured. No expense has been recognised in the current period (2018: $nil) for bad or doubtful debts in respect of amounts owed by related parties. No guarantees have been given or received.

PART VI

ADDITIONAL INFORMATION

1. The Company

1.1 The Company was incorporated and registered in Jersey as a public company limited by shares on 8 February 2006 under the Companies Law with the name Camco International Limited and with registered number 92432.

1.2 On 19 April 2006 the Company was re-registered as a public limited company and on 25 April 2006 the Company's entire issued share capital was admitted to trading on AIM.

1.3 On 1 November 2012 the Company was renamed as Camco Clean Energy plc and on 24 November 2015 the company was renamed as redT energy plc.

1.4 The Company should be regarded as resident in Jersey for tax purposes, on the basis that it is incorporated and centrally managed and controlled in Jersey, and liable to Jersey income tax at the general rate of 0 per cent. Please see paragraph 13 in this Part VI for a fuller explanation.

1.5 The liability of the members of the Company is limited. The Company has unlimited corporate capacity under Jersey law.

1.6 The principal legislation under which the Company operates is the Companies Law and the regulations and orders made thereunder.

1.7 The head and registered office of the Company is at 3rd Floor, Standard Bank House, 47-49 La Motte Street, St Helier, Jersey JE2 4SZ . The telephone number of the Company is +44 (0)207 061 6233 and its website is www.https://redtenergy.com/.

2. Share Consolidation

2.1 It is proposed, pursuant to the Share Consolidation, that the Ordinary Shares of €0.01 each in nominal value are consolidated on a 50 to 1 basis, such that every 50 Ordinary Shares are consolidated into one Consolidated Ordinary Share of €0.50 each. Assuming a share capital of 3,844,489,575 Ordinary Shares immediately prior to Admission (but subsequent to the allotment of the New Ordinary Shares), following completion of the Share Consolidation, the Company will have 76,889,791 Consolidated Ordinary Shares in issue.

2.2 As at the date of this document, the Company has 951,250,436 Ordinary Shares of €0.01 each in issue with a closing mid-market price of £0.0108 per Existing Ordinary Share (as at 25 July 2019, being the last day before trading was suspended). The Board believes that the Share Consolidation will improve the marketability of the Ordinary Shares by way of a higher share price.

2.3 If a shareholder holds fewer than 50 Ordinary Shares prior to the Share Consolidation, such that that the rounding down process results in a Shareholder being entitled to zero Consolidated Ordinary Shares, then as a result of the Share Consolidation they will cease to hold any Ordinary Shares (of any description) in the capital of the Company.

2.4 The rights attaching to the Consolidated Ordinary Shares will be identical in all respects to those of the Existing Ordinary Shares.

3. Share capital

3.1 As at 8 February 2006, being the date of incorporation of the Company, the authorised share capital of the Company was €12,500,000 divided into 1,250,000,000 Ordinary Shares of €0.01 each, of which two shares were issued nil paid to the subscribers to the memorandum of association of the Company.

3.2 The history of the Company's share capital for the period covered by the historical financial information in Part IV is as follows:

(a) On 24 December 2015, 8,157,897 Ordinary Shares were allotted and credited as fully paid. The number of Ordinary Shares in issue was 409,833,227.

(b) On 9 February 2016, 51,851,852 Ordinary Shares were allotted and credited as fully paid. The number of Ordinary Shares in issue was 461,685,079.

(c) On 10 May 2016, 6,243,815 Ordinary Shares were allotted and credited as fully paid. The number of Ordinary Shares in issue was 467,928,894.

(d) On 30 December 2016, 185,994,530 Ordinary Shares were allotted and credited as fully paid. The number of Ordinary Shares in issue was 653,923,424.

(e) On 13 April 2018, 65,392,342 Ordinary Shares were allotted and credited as fully paid. The number of Ordinary Shares in issue was 719,315,766.

(f) On 3 October 2018, 71,903,366 Ordinary Shares were allotted and credited as fully paid. The number of Ordinary Shares in issue was 791,219,132.

(g) On 9 April 2019 160,031,304 Ordinary Shares were allotted and credited as fully paid. The number of Ordinary Shares in issue was 951,250,436.

3.3 As at 30 June 2019, being the latest date to which unaudited interim financial information of the Company was prepared, the authorised and issued share capital of the Company, of which all of the issued shares were fully paid up, was as follows:

Authorised			*Issued*	
Number	*Amount*		*Number*	*Amount*
1,250,000,000	€12,500,000	Ordinary Shares	951,250,436	€9,512,504.36

3.4 The authorised and issued share capital of the Company, of which all of the issued shares are fully paid up, as at the date of publication of this document is as follows:

Authorised			*Issued*	
Number	*Amount*		*Number*	*Amount*
1,250,000,000	€12,500,000	Ordinary Shares	951,250,436	€9,512,504.36

3.5 The authorised and issued share capital of the Company, of which all of the issued shares will be fully paid up on or before Admission, as it is expected to be immediately prior Admission (i.e. following allotment of the New Ordinary Shares but prior to the Share Consolidation) will be as follows:

Authorised			*Issued*	
Number	*Amount*		*Number*	*Amount*
6,000,000,000	€600,000,000	Ordinary Shares	3,859,641,089	€38,596,411

3.6 The authorised and issued share capital of the Company, of which all of the issued shares will be fully paid up on or before Admission, as it is expected to be immediately following Admission (i.e. following allotment of the New Ordinary Shares and the Share Consolidation) will be as follows:

Authorised			*Issued*	
Number	*Amount*		*Number*	*Amount*
120,000,000	€600,000,000	Ordinary Shares	77,192,822	€38,596,411

3.7 Details of the total number of options (all granted for nil consideration) under the Share Option Schemes outstanding as at 12 March 2020 (being the latest practicable date prior to the publication of this document) are as follows:

CSOP Options:

Date of grant	*Number of Ordinary Shares under option*	*Exercise price (p)*	*Exercise period*
28 May 2018	5,170,893	7.05	36 months
29 November 2018	2,972,224	5.95	36 months
Total	8,143,117		

Unapproved Scheme:

Date of grant	*Number of Ordinary Shares under option*	*Exercise price (p)*	*Exercise period*
2009	750,000	EUR0.0100	30 July 2023
30 July 2013	3,406,358	EUR0.0100	30 July 2023
30 May 2018	1,802,019	EUR0.01179	until 31/12/2021
29 November 2018	1,608,888	7.00	36 months
Total	7,567,265		

EMI Options:

Date of grant	*Number of Ordinary Shares under option*	*Exercise price (p)*	*Exercise period*
18 May 2018	9,233,407	5.9	36 months
30 May 2018	3,500,000	8.00	30 July 2023
30 May 2018	725,000	8.00	36 months
30 May 2018	12,096,288	EUR0.01179	36 months
30 May 2018	694,811	5.60	36 months
29 November 2018	3,130,000	7.00	36 months
Total	29,369,506		

3.8 Of the balance of the authorised but unissued share capital of the Company immediately following Admission, amounting to 2,140,358,911 Consolidated Ordinary Shares:

(a) 5 million Ordinary Shares will be reserved for issue under the Share Option Schemes; and

(b) 1,886,672,940 Ordinary Shares will remain unissued and unreserved.

3.9 Pursuant to a special resolution of the Company dated 26 July 2019, the Directors are empowered to allot and issue equity securities as if the pre-emption provisions relating to, inter alia the allotment of shares in the Company contained in the Articles did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities up to a maximum number of 95,125,043.

3.10 Save as set out in this paragraph 3:

(a) no unissued share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(b) there are no shares in the capital of the Company currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived;

(c) there are no outstanding convertible securities issued by the Company; and

(d) no share capital or loan capital of the Company or any of its subsidiaries (other than intra-group issues by wholly-owned subsidiaries) is in issue and no such issue is proposed.

3.11 None of the Ordinary Shares has been sold or made available to the public in conjunction with the application for Admission.

3.12 Save as disclosed in this document, no commission, discounts, brokerages or other specific terms have been granted by the Company in connection with the issue or sale of any of its share or loan capital.

3.13 The Ordinary Shares are in registered form and capable of being held in uncertificated form. Application has been made to Euroclear for the New Ordinary Shares to be enabled for dealings through CREST as a participating security. No temporary documents of title will be issued. It is expected that definitive share certificates will be posted to those Shareholders who have requested the issue of New Ordinary Shares in certificated form within 14 days of Admission. The International Securities Identification Number (ISIN) for the Ordinary Shares is GB00B11FB960.

3.14 The Issue Price of 1.65 pence per Ordinary Share represents a premium of 0.77 pence over the nominal value of EUR0.01 per Ordinary Share and is payable in full on Admission under the terms of the Placing.

3.15 The net asset value of an existing Ordinary Share prior to the issue of the New Ordinary Shares, based on the net assets of the Company as at 30 June 2019, is £0.0178 (the "**Net Asset Value Per Share**").

3.16 The Issue Price of 1.65 pence per Ordinary Share represents a discount of 0.135 pence to the Net Asset Value Per Share.

3.17 The Jersey Financial Services Commission has consented under Article 4 of the Control of Borrowing (Jersey) Order 1958 to the issue of all of the 1,250,000,000 Ordinary Shares representing the current authorised share capital of the Company.

4. Subsidiary undertakings

4.1 The Company is the holding company of the Existing Group and will be the holding company of the Enlarged Group.

4.2 The Company currently has the following significant subsidiaries:

Name	*Registration number*	*Status*	*Place of incorporation*	*Percentage of voting share capital held*
Camco Services (UK) Limited	5758013	Trading company	England & Wales	100%
Camco Holdings (UK) Limited	3952061	Holding company	England & Wales	100%
redT Energy Holdings (UK) Limited	05649251	Holding company	England & Wales	100%
Re-Fuel Technology Limited	3955925	Trading company	England & Wales	99%
redT Energy (UK) Limited	7640710	Trading company	England & Wales	99%
redT Energy Holdings (Ireland) Limited	475751	Holding company	Ireland	99%
redT Energy (Ireland) Limited	476417	Trading company	Ireland	99%
redT Energy (Australia) Pty Limited	ACN: 628894039 ABN: 15628894039	Trading company	Australia	99%
redT Energy redT Energy (South Africa) (Pty) Limited	2006/038297/07	Trading company	South Africa	100%

Name	*Registration number*	*Status*	*Place of incorporation*	*Percentage of voting share capital held*
Camco (Mauritius) Limited	63821 C2/GBL	Holding company	Mauritius	100%
Camco International Carbon Assets Consulting (Beijing) Co Limited	91110105794050295H	In liquidation	People's Republic of China	100%

5. Summary of the Company's Articles

The Articles, which were adopted by a special resolution of the Company passed on 19 April 2006 and amended on 16 November 2011 and 2 May 2018, contain, *inter alia*, provisions to the following effect:

(a) ***Voting rights***

Subject as referred to below, all members shall have the right to receive notice of and to attend and to vote at all general meetings of the Company. Save as otherwise provided in the Articles, on a show of hands each holder of shares present in person (or in the case of a corporation by a representative) and entitled to vote shall have one vote and upon a poll every member present in person (or such representative) or by proxy/attorney and entitled to vote shall have one vote for each share held by him. A proxy cannot vote on a show of hands.

No member shall be entitled to vote at any general meeting if any call or other sum presently payable by him in respect of shares remains unpaid or if a member has been served by the Directors with a direction notice in the manner described in the Articles.

(b) ***Return of capital on a winding up***

On a winding up of the Company any surplus assets will be divided between the members according to the respective amounts paid up or credited as paid up in respect of the nominal amount of the shares held by them, subject to any particular rights attaching to any shares.

The liquidator (or where there is no liquidator, the Directors) may, with the sanction of a special resolution of the Company and any other sanction required by the Companies Law, divide the whole or any part of the assets of the Company in specie among the members, and the liquidator (or where there is no liquidator, the Directors) may for that purpose value any assets and determine how the division shall be carried out. No member shall be compelled to accept any assets upon which there is a liability.

(c) ***Dividends and other distributions***

Subject to the Companies Law, the Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors. Subject to any particular rights or limitations, all dividends shall be declared and paid according to the respective amounts paid up or credited as paid up in respect of the nominal amount of the shares in respect of which the dividend is paid (other than amounts paid up in advance of calls).

The Directors may pay such interim dividends (including any dividend payable at a fixed rate) as they think fit if they are of the opinion that the profits of the Company justify payment.

If the share capital of the Company is divided into different classes, the Board may pay such interim dividend on shares which rank after shares conferring preferential rights with regard to dividend as well as on shares conferring preferential rights.

Unless otherwise provided by the rights attached to any share, no dividend shall bear interest.

The Directors may, with the sanction of an ordinary resolution of the Company in general meeting, direct that payment of a dividend be satisfied by the distribution of specific assets and, in particular, of paid up shares or debentures of any other company instead of cash in respect of the whole or any part of the dividend.

Any dividend unclaimed for a period of 10 years after it was declared may be forfeited and cease to remain owing by the Company and thereafter shall belong to the Company absolutely.

(d) ***Transfer of shares***

Subject to the provisions of the Articles in respect of uncertificated shares, all transfers of shares shall be effected by a transfer in writing in any usual or common form or in any other form approved by the Directors. An instrument of transfer in respect of certificated shares shall be signed by or on behalf of the transferor and in the case of an unpaid or partly paid share by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered on the register of members of the Company in respect thereof.

The Directors may decline to register any transfer of a certificated share, unless (a) the instrument of transfer is deposited at the registered office of the Company or such other place as the Directors may appoint, accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer provided that, in the case of a transfer by a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange, the lodgement of a share certificate will only be necessary if a certificate has been issued in respect of the share in question; (b) it is in respect of a share which is fully paid up; (c) it is in respect of a share upon which the Company has no lien; (d) the instrument of transfer is in respect of only one class of share; and (e) the instrument of transfer is in favour of not more than four transferees; provided that in the case of a class of shares which has been admitted to AIM, a market operated by London Stock Exchange plc, the Directors shall not refuse to register a transfer if the refusal would prevent dealings in those shares from taking place on an open and proper basis.

The Directors may also decline to register a transfer of any share (in certificated form) if they are not satisfied that the shares are to be transferred to a transferee that would not give rise to a compulsory transfer of shares (as described under "Compulsory transfer of shares" below).

The Directors shall register the transfer of any uncertificated shares in accordance with the Companies (Uncertificated Securities) (Jersey) Order 1999 and other applicable law and, where permitted by that Order and any other applicable law, the Directors may, in their absolute discretion and without giving any reason for their decision, refuse to register any transfer of an uncertificated share.

The registration of transfers of shares, or of any class of shares, may be suspended at such time and for such periods as the Directors may from time to time determine, provided always that the register shall not be closed for more than 30 days in any year.

Notwithstanding any other provision of the Articles to the contrary, any shares may be held in uncertificated form and title to shares may be transferred by means of a relevant system such as CREST.

There are no restrictions on the transferability of the shares in the Company subject to (a) compliance with the foregoing provisions of the Articles relating to the transfer of shares as summarised above and (b) any restriction on transfer imposed by a direction notice served by the Directors in the manner described in the Articles (see below).

(e) ***Pre-emption on allotment and issue of new shares***

The pre-emption rights in respect of the issue of new shares are set out in the Articles. These pre-emption rights would require the Company to offer new shares for allotment to existing members on a pro rata basis before allotting them to other persons (a "pre-emptive offer").

The pre-emptive offer must be made by notice specifying the number of shares offered and the period (not being less than 21 days) within which the offer may be accepted. Any shares which are not accepted under the pre-emptive offer can be allotted by the Board to other persons. The members by special resolution (under Jersey law, which is the law applicable to the Company, this means a 2/3 majority) may waive the requirement to make such a pre-emptive offer.

There are no pre-emption rights on transfers of shares. The pre-emption provisions do not apply to the Placing Shares.

(f) ***Restrictions on shares***

If a member has been served with a notice pursuant to the Articles and is in default in supplying to the Company information required within a prescribed period after the service of such notice, the Directors may serve on such member a notice (a "direction notice") in respect of the shares in relation to which the default occurred ("default shares") directing that in relation to such shares the member shall not be entitled to be present or to vote at any general meeting or class meeting of the Company. Where the default shares represent at least 0.25 per cent. of the class of shares the direction notice may in addition direct, among other things, that any dividend or other money which would otherwise be payable on such shares shall be retained by the Company without any liability to pay interest and that no transfer of any of the shares held by the member shall be registered. The direction notice will not, however, prohibit the registration of, among other things, a transfer pursuant to a sale of the whole beneficial ownership of the relevant shares to an unconnected party.

(g) ***Redemption provisions***

Subject to the provisions of the Companies Law, the Company may from time to time issue or convert any existing non-redeemable shares (whether issued or not) into shares which are to be redeemed or are liable to be redeemed at the option of the Company or at the option of the holder thereof and on such terms and in such manner as may be determined by special resolution. Subject to the provisions of the Companies Law, the Company may purchase its own shares (including redeemable shares).

(h) ***Compulsory transfer of shares***

(i) If it shall come to the notice of the Directors that any shares are or may be owned or held directly or beneficially by any person in breach of any law or requirement of any country or jurisdiction or by virtue of which such person is not qualified to own those shares and, in the sole and conclusive determination of the Directors, such ownership or holding or continued ownership or holding of those shares (whether on its own or in conjunction with any other circumstance appearing to the Directors to be relevant) would in the reasonable opinion of the Directors, cause a pecuniary or tax disadvantage to the Company or any other holder of shares or other securities of the Company which it or they might not otherwise have suffered or incurred (any such ownership or holding being a "Disadvantageous Ownership") then the Directors may serve written notice (hereinafter called a "Transfer Notice") upon the person (or any one of such persons where shares are registered in joint names) appearing in the register as the holder (the "Vendor") of any of the shares concerned (the "Relevant Shares") requiring the Vendor within 21 days (or such extended time as in all the circumstances the Directors consider reasonable) to transfer (and/or procure the disposal of interests in) the Relevant Shares to another person whose ownership or holding of such shares would not, in the sole and conclusive determination of the Directors, result in Disadvantageous Ownership (such a person being hereinafter called an "Eligible Transferee"). On and after the date of such Transfer Notice, and until registration of a transfer of the Relevant Share to which it relates pursuant to the provisions referred to in this paragraph or paragraph (ii) below, the rights and privileges attaching to the Relevant Shares will be suspended and not capable of exercise.

(ii) If within 21 days after the giving of a Transfer Notice (or such extended time as in all the circumstances the Directors consider reasonable) the Transfer Notice has not been complied with to the satisfaction of the Directors, the Company may sell the Relevant Shares on behalf of the holder thereof by instructing a London Stock Exchange member firm to sell them at the best price reasonably obtainable at the time of sale to any one or more Eligible Transferees. To give effect to a sale, the Directors may authorise in writing any officer or employee of the Company or any officer or employee of the secretary of the Company to transfer the Relevant Shares on behalf of the holder thereof (or any person who is automatically entitled to the shares by transmission or by law) or to cause the transfer of the Relevant Shares to the purchaser and in relation to an uncertificated share may require the operator of the relevant system (for the holding or transfer of uncertificated securities) to convert the share into a certificated form and an instrument of transfer executed by that person will be as effective as if it had been executed by the holder of, or

the person entitled by transmission to, the Relevant Shares. The purchaser is not bound to see to the application of the purchase money and the title of the transferee is not affected by any irregularity in or invalidity of the proceedings connected to the sale. The net proceeds of the sale of the Relevant Shares, after payment of the Company's costs of the sale, shall be received by the Company, whose receipt shall be a good discharge for the purchase moneys, and shall belong to the Company and, upon their receipt, the Company shall become indebted to the former holder of the Relevant Shares, or the person who is automatically entitled to the Relevant Shares by transmission or by law, for an amount equal to the net proceeds of transfer, in the case of certificated shares, upon surrender by him or them of the certificate for the Relevant Shares which the Vendor shall forthwith be obliged to deliver to the Company. The Company is deemed to be a debtor and not a trustee in respect of that amount for the member or other person. No interest is payable on that amount and the Company is not required to account for money earned on it. The amount may be employed in the business of the Company or as it thinks fit. The Company may register or cause the registration of the transferee as holder of the Relevant Shares and thereupon the transferee shall become absolutely entitled thereto.

(iii) A member who becomes aware that his ownership or holding of shares in the Company is a Disadvantageous Ownership, shall forthwith, unless he has already received a Transfer Notice pursuant to the provisions referred to above, either transfer the shares to one or more Eligible Transferees or give a request in writing to the Directors for the issue of a Transfer Notice in accordance with the provisions referred to above. Every such request shall, in the case of certificated shares, be accompanied by the certificate(s) for the shares to which it relates.

(iv) Subject to the provisions of the Articles, the Directors will, unless any Director has reason to believe otherwise, be entitled to assume without enquiry that none of the shares are held in such a way as to entitle the Directors to serve a Transfer Notice in respect thereof. The Directors may, however, at any time and from time to time call upon any holder (or any one of joint holders or a person who is automatically entitled to the shares by transmission or by law) of shares by notice in writing to provide such information and evidence as they require upon any matter connected with or in relation to such holder of shares. In the event of such information and evidence not being so provided within such reasonable period (not being less than 21 clear days after service of the notice requiring the same) as may be specified by the Directors in the said notice, the Directors may, in their absolute discretion, treat any share held by such a holder or joint holders or person who is automatically entitled to the shares by transmission or by law as being held in such a way as to entitle them to serve a Transfer Notice in respect thereof.

(v) The Directors will not be required to give any reasons for any decision, determination or declaration taken or made in accordance with these provisions. The exercise of the powers conferred by the provisions referred to at paragraphs (i) and/or (ii) and/or (iv) above may not be questioned or invalidated in any case on the grounds that there was insufficient evidence of direct or beneficial ownership or holding of shares by any person or that the true direct or beneficial owner or holder of any shares was otherwise than as appeared to the Directors at the relevant date provided that the said powers have been exercised in good faith.

(i) ***Variation of rights***

The rights attaching to shares are set out in the Articles and summarised above. For these rights to be varied or changed a special resolution would have to be passed at a general meeting of the Company. In the absence of appropriate consent to short notice, this would require 14 clear days' written notice to be given to each member. Every member, except as referred to above, has the right to attend the general meeting in person or by proxy and vote on the resolution to be proposed. Such resolution would be a special resolution of the Company and this requires a majority of not less than two-thirds of members voting in person or by proxy at such general meeting.

If at any time the share capital of the Company is divided into different classes of shares, the special rights attached to any class may (unless otherwise provided by the terms of issue of the

shares of that class) be varied or abrogated, whether the Company is a going concern or during or in contemplation of its being wound up, either (i) with the consent in writing of the holders of two thirds of the issued shares of that class or (ii) with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting all the provisions of the Articles relating to general meetings of the Company or to the proceedings thereat shall apply mutatis mutandis except that (a) the necessary quorum at any such meeting (other than an adjourned meeting) shall be two persons holding or representing at least one-third in nominal amount of the issued shares of the class in question (b) at an adjourned meeting the holders present shall constitute a quorum.

(j) ***Alteration of share capital***

There are no conditions imposed by the Company's memorandum of association or Articles regarding changes in the Company's capital which are more stringent than required by the laws of England and Wales, save that the prior written consent of the Jersey Financial Services Commission will be required for any increase in the Company's authorised share capital.

The Company may, by altering its memorandum, (a) increase its share capital by creating new shares of such amount and in such currency or currencies as it thinks expedient, (b) consolidate and divide all or any of its shares (whether issued or not) into shares of larger amount than its existing shares, (c) convert all or any of its fully paid shares into stock, and re-convert that stock into fully paid shares of any denomination; (d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum, (e) convert any of its fully paid shares the nominal value of which is expressed in one currency into fully paid shares of a nominal value of another currency, (f) in the case to which Article 38(1A) of the Companies Law applies, denominate the nominal value of its issued or unissued shares in units of the currency into which they have been converted, and (g) cancel shares which, at the date of the passing of the resolution to cancel them, have not been taken or agreed to be taken by any person, and diminish the amount of the company's share capital by the amount of the shares so cancelled.

Subject to the Companies Law, the Company may by special resolution reduce its share capital and any share premium account in any way.

(k) ***Directors***

(i) *Appointment and removal of Directors*

Unless determined by the Company in general meeting, there is no maximum number of Directors and the minimum number is two. The Company may by ordinary resolution appoint and remove any person as a Director. The Board also has powers to appoint a person as a Director either to fill a casual vacancy or as an addition to the board and to remove a director. There is no shareholding qualification for officers or Directors.

There is no requirement to retire by rotation or to resign on attaining the age of 70 or any other age.

The office of a Director shall be vacated if the Director resigns, becomes bankrupt or is the subject of other insolvency-related proceedings, becomes of unsound mind, or if the Director is removed or becomes prohibited from being a Director under any provision of applicable law.

A Director may at his sole discretion and at any time and from time to time appoint any other Director or any other natural person (other than one disqualified or ineligible by law to act as a director of a company) as an alternate Director to attend and vote in his place at any meetings of Directors at which he is not personally present.

(ii) *Meetings of Directors*

Board meetings must be held outside of the UK. At meetings of the Board questions are determined by a majority of votes and in the case of an equality of votes the Chairman of the board shall not have a second or casting vote. The quorum at Directors' meetings may be fixed by the Directors but otherwise shall be two. The Directors may delegate any of their powers to committees consisting of such Director(s) or other persons as they think fit.

(iii) *Directors' interests*

A Director who has, directly or indirectly, an interest in a transaction entered into or proposed to be entered into by the Company or by a subsidiary of the Company which to a material extent conflicts or may conflict with the interests of the Company and of which he is aware, must disclose to the Company the nature and extent of his interest.

Subject to the provisions of the Companies Law, a Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms as to tenure of office, remuneration and otherwise as the Directors may determine.

Subject to the provisions of the Companies Law, and provided that he has disclosed to the Company the nature and extent of any of his material interests in accordance with the Articles, a Director notwithstanding his office, (a) may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is otherwise interested, (b) may be a Director or other officer of or employed by or a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Company or in which the Company is otherwise interested, (c) shall not by reason of his office be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit, and (d) may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

(iv) *Directors' fees and expenses*

The Directors shall be entitled to such remuneration as the Board in its discretion determines. The Directors are entitled to be paid all travelling, hotel and other expenses properly and necessarily incurred in attending meetings of the Directors or members or otherwise in connection with the business of the Company.

(l) ***General meetings***

The Company must in each year hold a general meeting as its annual general meeting ("AGM"). Not more than 18 months can elapse between AGMs. An AGM must be convened, unless all members entitled to attend and vote agree to short notice, on giving 14 clear days' notice in writing to all members of the Company.

Other meetings can be convened by the Company from time to time, referred to as extraordinary general meetings, with 14 clear days' written notice.

Extraordinary general meetings can be convened on shorter notice with the agreement of members being a special majority in number who have the right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. of the total voting rights of the members who have that right.

Members need not attend a meeting of the Company or class meeting of members in person but can do so by way of validly appointed proxy.

If a member is a body corporate, it can pass a resolution of its Directors or other governing body to authorise such person as it thinks fit to act as its representative at any meeting of the Company or class meeting of members.

(m) ***Change in control***

There are no provisions in the Articles which would have the effect of delaying, deferring or preventing a change of control of the Company except as might arise under Transfer of shares (see (d) above).

(n) ***Disclosure of interests in shares***

Where a member acquires a material interest in the shares in the Company or becomes aware of having acquired such an interest and the aggregate nominal value of such shares is equal to or more than three per cent. of the nominal value of the Company's share capital then that member has an obligation to disclose such interest. The Directors may serve notice on any member requiring him to disclose the identity of any person other than the member having an interest in the shares held by the member and the nature of that interest. Members holding not less than one tenth of the voting rights may make requisition for such a notice. In default of compliance with such notice, the relevant member or his shares can be subject to certain restrictions (see under (f) above).

Where a person's notifiable interest changes, then further disclosure obligations arise.

6. Directors and employees

6.1 The Directors of the Company as at the date of this document and each of their respective functions are set out in Part I of this document.

6.2 The business address of the Directors and the Proposed Directors is 3rd Floor, Standard Bank House, 47-49 La Motte Street, St Helier, Jersey JE2 4SZ.

6.3 Details of the length of service of each of the Directors and the Proposed Directors to date in their current office are set out below:

Name	*Date of birth*	*Commencement date in office*
Larry Zulch	October 1957	Admission
Matt Harper	March 1977	Admission
Neil O'Brien	January 1963	September 2016[7]
Fraser Welham	August 1964	April 2018
Jonathan Marren	April 1975	July 2012[8]
Michael Farrow	June 1954	March 2006

6.4 Details of any directorship that is or was in the last five years held by each of the Directors and Proposed Directors, and any partnership of which each of the Directors and Proposed Directors is or was in the last five years a member in addition to their directorships any Enlarged Group entity are set out below:

Name	*Current directorships and partnerships*	*Previous directorships and partnerships*
Larry Zulch	Avalon Battery Corporation Photometics, Inc. Proactive Diagnostics, Inc.	Savvius, Inc. Dantz Development Corporation Cloud Engines, Inc. Freerange Communications, Inc. Neologic, Inc.
Matt Harper	Avalon Battery Corporation	n/a
Neil O'Brien	Camco Holdings UK Limited Camco Services UK Limited Mercia Power Response (Bradberry Balk Lane) Limited Mercia Power Response (Salmon Lane) Limited Mercia Power Response (Common Side Lane) Limited	Alkane Biogas Limited Alkane Energy Limited Alkane Energy UK Limited Alkane Services Limited Coalgas (Cymru) Limited Coalgas (Europe) Limited Darent Power Limited Eastern Pegasus Limited

7 Mr O'Brien was appointed as Executive Chairman in March 2019.

8 Mr Marren was appointed as a Non-Executive Director in March 2016.

Name	*Current directorships and partnerships*	*Previous directorships and partnerships*
Neil O'Brien	Mercia Power Response (Old Doncaster Road) Limited Mercia Power Response (Sookholme Road) Limited Re-Fuel Technology Limited redT Energy Holdings (UK) Limited redT Energy (UK) Limited South Gables Ltd	Egdon Resources Plc Leven Power Limited MW Renewables Limited Regent Park Energy Limited Rhymney Power Limited Seven Star Natural Gas Limited
Fraser Welham	redT energy plc redT Energy Holdings (UK) Limited redT energy Holdings (Ireland) Ltd redT energy (Ireland) Ltd redT energy (South Africa) (Pty) Ltd Re-Fuel Technology Limited Camco Holdings UK Limited Camco Services UK Limited Camco (Mauritius) Ltd F Welham Consulting Ltd	
Jonathan Marren	redT energy plc Ryde School Construction Limited	Modern Pentathlon Association of Great Britain Limited London Pentathlon Ltd
Michael Farrow	3 Merchant Square Limited Circle Property Plc ELG Holdings (Jersey) Limited MacDonald Hotels Limited MCNT Limited Melville Douglas ("MD") Balanced Fund Limited Merchant Square Holdings Limited MD Global Growth Fund Limited MD Income Fund Limited MD Select Fund Limited MD Multi Manager Fund Limited redT energy plc RDI REIT plc Santa Juana Limited Standard Bank International Funds Limited STANLIB Funds Limited Urban Infrastructure Real Estate (General Partner) Limited Urban Infrastructure Real Estate (Jersey) Limited Urban Infrastructure Venture Capital (Jersey) Private Limited	Addison Nominees Limited Bellzone Mining Plc Camco Africa Limited Delroy Properties Inc Limited EBH Investments Inc Gillminster Investments Limited Harmony Investments Limited MAD House Limited Maplewood Financial Corporation Inc Martley Limited MD Equity Fund Limited RBKC Partners Limited STF Capital Plc Triton Administration (Jersey) Limited Oak Directors (Jersey) Limited Oak Group (Jersey) Limited Oak Secretaries (Jersey) Limited Oak Trustees (Jersey) Limited Oak Services (Jersey) Limited Quinbrook Infrastructure Partners (Jersey) Limited Canvey Properties Limited Bownic Services (PTC) Limited Blackstone Investment Pte Ltd Blueride Investment Pte Ltd Godiva Investment Pte Limited Leofric Investment Pte Limited Ushuaia Pte Limited Whitehall Investment Pte Ltd

6.5 At the date of this document none of the Directors or Proposed Directors named in this document:

(a) has any unspent convictions in relation to indictable offences;

(b) has been declared bankrupt or has entered into an individual voluntary arrangement;

(c) was a director of any company at the time of or within the 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors with which such company was concerned;

(d) was a partner in a partnership at the time of or within the 12 months preceding a compulsory liquidation, administration or partnership voluntary arrangement of such partnership;

(e) has had his assets the subject of any receivership or was a partner in a partnership at the time of or within the 12 months preceding any assets thereof being the subject of a receivership; or

(f) has been the subject of any public criticisms by any statutory or regulatory authority (including any recognised professional body) nor has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

6.6 Details of the number of the Existing Group's employees for each of the three financial years ended 31 December 2018 are as follows:

Financial year ended	*Average number of employees*
31 December 2018	79
31 December 2017	60
31 December 2016	43

6.7 Details of the number of Avalon's employees for each of the three financial years ended 31 December 2018 are as follows:

Financial year ended	*Number of employees*
31 December 2018	27
31 December 2017	24
31 December 2016	17

6.8 As at 31 December 2018, the employees of the Existing Group were employed as follows:

Board of Directors	4
Executive Team	5
Technology	21
Operations	16
Commercial, Sales & Product	7
Finance	4
Total	57

7. Directors' and other interests

7.1 The interests of the Directors, the Proposed Directors, their family (within the meaning of the AIM Rules for Companies) (all of which, unless otherwise stated, are beneficial) in the issued share capital of the Company as at the date of this document and as they are expected to be prior to and immediately following Admission are/will be as follows:

	As at the date of this document		*Immediately following Admission*	
Name	*Number of Ordinary Shares*	*Percentage of Existing Ordinary Shares*	*Number of Ordinary Shares (following Admission)*[9]	*Percentage of issued Ordinary Shares (following Admission)*
Neil O'Brien	2,375,000	0.25%	47,500.00	0.062%
Fraser Welham	250,000	0.026%	5,000.00	0.006%
Michael Farrow	461,904	0.049%	9,238.08	0.012%
Jonathan Marren	7,793,815	0.82%	155,876.30	0.202%

Details of the total number of options granted to the Directors and Proposed Directors under the Share Option Schemes outstanding as at 11 March 2020 (being the latest practicable date prior to the publication of this document) are as follows:

7.2 ***Directors' Options***

Name	*Date of grant*	*Exercise price per Ordinary Share (p)*	*Number of Ordinary Shares under Option*	*Exercise period*
Fraser Welham	18 May 2018	5.9	3,000,000	36 months
Fraser Welham	29 November 2018	7.0	2,000,000	36 months

7.3 ***Options***

As at 11 March 2020, being the last practicable date prior to the publication of this document, the Company has granted 45,079,888 options over Ordinary Shares, including those mentioned in 7.2 above. The options are subject to certain vesting criteria.

7.4 Save as disclosed above, none of the Directors, the Proposed Directors nor any member of his family (within the meaning of the AIM Rules for Companies) holds or is beneficially or non-beneficially interested, directly or indirectly, in any shares or options to subscribe for, or securities convertible into, shares of the Company or any of its subsidiary undertakings.

7.5 In addition to the interests of the Directors and Proposed Directors set out in paragraphs 7.1 to 7.2 above, as at the date of this document, insofar as is known to the Company, the following persons are, or will at Admission be, interested in 3 per cent. or more of the issued share capital of the Company:

	As at the date of this document		*Immediately following Admission*	
Name	*Number of Ordinary Shares*	*Percentage of issued Ordinary Shares*	*Number of Ordinary Shares*	*Percentage of issued Ordinary Shares*
Schroders plc	126,533,098	13.30%	429,563,402	10.59%
GSR Ventures IV, L.P.	0	0.00%	413,306,462	10.18%
Brantingham & Carroll International, Ltd.	0	0.00%	354,651,304	8.74%
Johnson Chiang	0	0.00%	321,003,723	7.91%
Bushveld	0	0.00%	297,978,107	7.34%
Baojia	0	0.00%	178,963,841	4.41%

9 Assumes that 100 per cent. of the Ordinary Shares available under the Open Offer are subscribed for [•]

7.6 Save as disclosed above, there are no persons, so far as the Company is aware, who are or will be immediately following Admission interested in 3 per cent. or more of the Company's issued share capital, nor, so far as the Company is aware, are there any persons who at the date of this document or immediately following Admission, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

7.7 Save as disclosed in this document, there are no arrangements known to the Company, the operation of which may at a subsequent date result in a change in control of the Company.

7.8 The Company's share capital consists of one class of ordinary shares with equal voting rights (subject to the Articles). No major Shareholder of the Company has any different voting rights from the other Shareholders.

7.9 Save as disclosed in this document, no Director or Proposed Director is or has been interested in any transactions which are or were unusual in their nature or conditions or significant to the business of the Company or the Enlarged Group during the current or immediately preceding financial year or which were effected during any earlier financial year and remain in any respect outstanding or unperformed.

7.10 There are no outstanding loans or guarantees provided by the Company or the Enlarged Group or to or for the benefit of any of the Directors or Proposed Directors.

7.11 Save as disclosed in Part IV of this document, there have been no related party transactions of the kind set out in the Standards adopted according to the Regulation (EC) No 1606/2002 that the Company has entered into since 1 January 2016.

7.12 There are no actual or potential conflicts of interest between any Director's or Proposed Director's duties to the Company and any private interests and/or other duties he may have.

7.13 No Director or Proposed Director nor any member of his family (within the meaning of the AIM Rules for Companies) has a Related Financial Product (as defined in the AIM Rules for Companies) referenced to Ordinary Shares.

8. Directors' and Proposed Directors' remuneration and service agreements

8.1 Neil O'Brien was appointed Executive Chairman on 14 March 2019. With effect from Admission, Neil O'Brien will become Non-Executive Chairman. Under Neil O'Brien's revised appointment letter the Company shall pay him an annual salary of £60,000. The remaining terms of his appointment letter remain unchanged. In the event that Neil's appointment as Executive Chairman continues for a term of 6 months or more then the Company can require him to enter into a service contract. The Company has the right to require that Neil steps down as Executive Chairman and revert to a role of non-executive director of the Company at any time and with immediate effect in which case his fees revert to the standard non-executive director fees in force at that time. Mr O'Brien has agreed to defer his fee in full until the earlier of 31 October 2021, or the Company having improved its working capital position by £2 million.

8.2 Fraser Welham was appointed Chief Financial Officer on 3 April 2018. Fraser Welham entered into an employment agreement with the Company dated 9 March 2018. Under this agreement, Fraser Welham is entitled to a basic salary of £150,000 per annum, the payment of subscriptions to a medical insurance benefits scheme, participation in the Company's life assurance scheme, participation in the Company's income protection insurance scheme, a pension contribution equivalent to five per cent. per annum of the basic salary and is eligible for a discretionary performance bonus of up to 100 per cent. of salary. The agreement can be terminated by either party giving not less than six months' prior written notice to the other. The agreement may also be terminated with immediate effect (summary termination) or payment in lieu of notice in certain circumstances including gross misconduct, negligence, breach of the Company's rules on insider dealing or insider trading or material breach of the service agreement.

8.3 Jonathan Marren was appointed as a Non-executive Director of the Company on 23 February 2016. His letter of appointment provides for termination on three months' written notice by either party. The appointment may also be terminated by the Company without notice in certain circumstances including incapacity for three months in any 12 month period, serious or repeated breach of obligations in connection with the appointment or unsatisfactory performance as

determined by the Board. Jonathan Marren was previously appointed as the Chief Financial Officer of the Company on 9 July 2012 but resigned on 29 February 2016. Jonathan Marren is entitled to an annual director's fee of £30,000 and the Company will reimburse any expenses properly and reasonably incurred by the Non-executive Directors in the performance of duties under the letters of appointment.

8.4 Michael Farrow was appointed as a Non-executive Director of the Company on 16 March 2006. His letter of appointment provides for termination on three months' written notice by either party. The appointment may also be terminated by the Company without notice in certain circumstances including incapacity for three months in any 12 month period, serious or repeated breach of obligations in connection with the appointment or unsatisfactory performance as determined by the Board. Michael Farrow is entitled to an annual director's fee of £30,000 and the Company will reimburse any expenses properly and reasonably incurred by the Non-executive Directors in the performance of duties under the letters of appointment.

8.5 Pursuant to the terms of an employment agreement with Avalon Battery Corporation dated 13 March 2020, Larry Zulch has agreed to serve as Chief Executive Officer of Avalon Battery Corporation for an annual fee of $180,000. This appointment will continue indefinitely (subject to six month severance/notice provisions) and Avalon Battery Corporation's termination rights (as referenced below). Mr Zulch has also agreed to serve as Chief Executive Officer of the Company pursuant to a letter of appointment with the Company dated 13 March 2020. These appointments will continue indefinitely but will terminate automatically if the Company or Avalon Battery Corporation (as appropriate) exercise their discretion to summarily terminate the appointment (for example in the event that Mr Zulch is removed from office in accordance with the Articles, commits any act of gross misconduct or in other appropriate circumstances). The employment agreement is governed by the laws of the State of California and the letter of appointment is governed by the laws of England and Wales. Mr Zulch has agreed to defer his salary in full until the earlier of 31 October 2021, or the Company having improved its working capital position by £2 million.

8.6 Pursuant to the terms of an employment agreement with Avalon Battery (Canada) Corporation dated 13 March 2020, Matt Harper has agreed to serve as Chief Commercial Officer of the Company and President of Avalon Battery (Canada) Corporation for an annual fee of 245,000CAD. This appointment will continue indefinitely (subject to six month mutual notice provisions), but will terminate automatically if Avalon Battery (Canada) Corporation exercises its discretion to summarily terminate the appointment (for example in the event that Mr Harper is removed from office in accordance with the Articles, commits any act of gross misconduct or in other appropriate circumstances). This employment agreement is governed by the laws of British Columbia. Mr Harper has agreed to defer 25% of his salary until the earlier of 31 October 2021, or the Company having improved its working capital position by £2 million.

8.7 Save as disclosed in this document there are no service agreements or agreements for the provision of services existing or proposed between the Directors or the Proposed Directors and the Company or the Enlarged Group.

8.8 In the financial year ended 31 December 2019 (being the last completed financial year of the Company) the aggregate remuneration paid, including pension contributions and benefits in kind granted to the Directors, was £380,000.

8.9 On the basis of the arrangements in force at the date of this document it is estimated that the aggregate remuneration payable including pension contributions and benefits in kind granted to the Directors for the year ending 31 December 2020 (being the current financial year of the Company) will be £410,000 (based on USD/GBP and CAD/GBP exchange rates as at 12 March 2020).

9. The Share Option Schemes

9.1 ***Employee Plan***

(a) *General*

The Employee Plan is a discretionary share option plan which currently allows for the grant of:

(i) Enterprise Management Incentives Option ("**EMI Options**");

(ii) Company Share Option Plan options ("**CSOP Options**"); and

(iii) Unapproved Options ("**Unapproved Options**")

It is intended that the Employee Plan will be amended on completion of the Transaction to add new schedules which will allow for the grant to US based employees of:

(i) Incentive Stock Options ("**ISOs**"); and

(ii) Non-statutory stock options ("**NSOs**").

Options granted under the Employee Plan will be over Ordinary Shares.

The summary below relates to the operation of the Employee Plan following completion of the Transaction.

(b) *Administration*

The Employee Plan will be administered by the Remuneration Committee, which will make all decisions about participation, form, size and timing of Option grants.

(c) *Eligibility*

The Remuneration Committee has complete discretion as to the selection of employees to whom Options are to be granted.

EMI Option, CSOP Options and ISOs may only be granted to those selected employees who meet the relevant legislative requirements.

(d) *Grant of Options*

Options may be granted within 42 days after the announcement of the Company's interim or preliminary results. They may also be granted at other times in exceptional circumstances which the Remuneration Committee considers justify the granting of Options, but not during a 'closed period'.

No Options may be granted more than 10 years after the adoption date of the Employee Plan.

No consideration is payable for the grant of an Option. Options are non-transferable (except to personal representatives in the event of the death of the Option Holder).

The Employee Plan rules permit the Company to determine whether any liability for UK employer's NICs arising in connection with any Options shall be transferred to Option Holders, to the extent legally permissible.

(e) *Exercise price*

The price per Ordinary Share payable on the exercise of an Option shall be determined by the Remuneration Committee when Options are granted.

CSOP Option, ISOs and NSOs would have an exercise price which represents the market value of the Ordinary Shares on the date of grant. The exercise price of ISOs awarded to a 10 per cent. shareholder would be 110 per cent. of the market value.

(f) *Individual limits on participation (exercise in the case of ISO)*

The maximum Market Value of the Ordinary Shares subject to subsisting EMI Options held by any individual at any time may not exceed £249,999 (or such other limit as applies from time to time under the EMI legislation).

The maximum Market Value of the Ordinary Shares subject to subsisting CSOP Options held by any individual at any time may not exceed £30,000 (or such other limit as applies from time to time under the CSOP legislation).

The aggregate Market Value of Ordinary Shares under an ISO that can be exercised for the first time in any calendar year cannot exceed US$ 100,000.

For the purpose of these limits, the Market Value is determined at the date of grant of an Option.

(g) *Limit on the issue of Ordinary Shares*

The number of Ordinary Shares in respect of which rights to subscribe for new Ordinary Shares may on any day be granted under the Employee Plan, when added to the number of Shares issued or which remain issuable pursuant to rights to subscribe for new Ordinary Shares granted under the Consultant Plan and any other employees' share scheme of the Company in the period of 10 years beginning with the ending on that day shall not exceed 10 per cent. of the issued ordinary share capital of the Company on that day. For the purpose of calculating the 10 per cent. limit, among others, Ordinary Shares issued or to be issued for the purposes of satisfying the options granted by the Company in exchange of the options issued by Avalon to certain employees and consultants prior to the acquisition of Avalon by the Company will be disregarded.

The number of Ordinary Shares that may be issued under ISOs shall not exceed 5 million.

(h) *Vesting and Performance Conditions*

Options will vest in accordance with the vesting schedule in the option agreements.

The Remuneration Committee may at its discretion set objective performance conditions to determine whether or the extent to which an Option will vest. Any performance conditions may be adjusted if an event occurs which causes the Remuneration Committee to decide that the adjusted conditions will measure performance more fairly and provide a more effective incentive.

To the extent an Option has vested, it may be exercised at any time before the tenth anniversary of the date of grant, unless other earlier exercise or lapsing provisions apply.

(i) *Cessation of Employment*

To the extent that an Option has not vested, it will cease to be capable of any further vesting on the cessation of employment of the Option Holder.

Option Holder dismissed for Cause
If an Option Holder has been dismissed for Cause (i.e. material breach of the Option Holder's contract of employment or fraud or misconduct) his/her Option lapses in full.

Good Leaver circumstances
If an Option Holder ceases to be employed by any member of the Group by reason of death, injury, disability or ill-health, redundancy, retirement. TUPE transfer or the entity that employs the Option Holder ceasing to be under the control of the Company, to the extent the Option has vested but not been exercised at the date of cessation of employment may be exercised within six months thereafter (12 months in the case of death).

The Remuneration Committee also has the discretion to allow the vesting of all or part of the unvested portion of an Option.

Intermediate Leaver
If an Option Holder ceases to be employed in other circumstances, to the extent the Option has vested but not been exercised at the date of cessation, it may be exercised within six months thereafter or such period as the Remuneration Committee may determine.

(j) *Corporate Events*

In the event of a change of control of the Company, an Option to the extent vested will remain exercisable for a limited period of six months after the change of control (unless it

is exercisable conditional on a change of control occurring, in which case the Option would need to be exercised before the change of control).

The Remuneration Committee also has the discretion to allow the vesting of all or part of the unvested portion of an Option.

Option Holders may, with the agreement of a new acquiring company, 'rollover' their Options in exchange for equivalent options over shares in the acquiring company, within a period of six months from such a change of control.

Option Holders may also be offered the opportunity to 'rollover' their Options in exchange for equivalent options over shares in a new company in the event of a reconstruction or reorganisation of the Company.

If a voluntary winding up of the Company is proposed, an Option, to the extent vested, will remain exercisable until the passing of the resolution.

(k) *Variation of capital*

If there is a variation in the Company's share capital, the number of Ordinary Shares subject to an Option and the exercise price may be adjusted by the Remuneration Committee in a fair and reasonable way after consulting with the Company's professional advisors.

(l) *Exercise of Options*

An Option may be exercised in whole or in part, to the extent that it has vested. To exercise an Option, the Option Holder must pay (or make alternative arrangements with the Company for the payment of) the aggregate exercise price and the tax and NIC liabilities arising on the exercise of the Option.

The grant and exercise of Options will be subject to any restrictions on dealing set out in the Market Abuse Regulation or otherwise imposed by statute, order, regulation or government directives.

The Remuneration Committee may decide to reduce or cancel an Option or to require the repayment of a benefit already received in the event of a material misstatement of the Company's results or fraud or gross misconduct of the Option Holder.

(m) *Satisfying the exercise of Options*

Within 30 days of the exercise of an Option, the Company will issue or procure the transfer of Ordinary Shares to satisfy the exercise of the Option.

Instead of satisfying the exercise of an Unapproved Option by the issue or transfer of Ordinary Shares, the Remuneration Committee may, with the consent of the Option Holder, pay a cash equivalent to the gain on exercise instead.

(n) *Amendment and termination*

The Employee Plan rules can be amended at any time by the Board provided that an Option Holder's subsisting rights cannot be adversely affected without the Option Holder's consent.

The Employee Plan will terminate on the tenth anniversary of the date on which it was adopted. The subsisting rights of the Option Holders who have been granted Options prior to termination of the Employee Plan will not be affected by the termination of the Employee Plan.

9.2 ***Consultant Plan***

(a) *General*

The Consultant Plan is a discretionary share option plan which currently allow for the grant of Unapproved Options.

It is intended that the Consultant Plan will be amended on completion of the Transaction to add a new schedule which will allow for the grant to US based consultants of non-statutory stock options.

The summary below relates to the operation of the Consultant Plan following completion of the Transaction.

Options granted under the Consultant Plan will be over Ordinary Shares.

(b) *Administration*

The Consultant Plan will be administered by Remuneration Committee, which will make all decisions about participation, form, size and timing of Option grants.

(c) *Eligibility*

The Remuneration Committee has complete discretion as to the selection of consultants to whom Options are to be granted.

(d) *Grant of Options*

Options may be granted within 42 days after the announcement of the Company's interim or preliminary results. They may also be granted at other times in exceptional circumstances which the Remuneration Committee considers justify the granting of Options, but not during a 'closed period'.

No Options may be granted more than 10 years after the adoption date of the Consultant Plan.

No consideration is payable for the grant of an Option. Options are non-transferable (except to personal representatives in the event of the death of the Option Holder).

The Consultant Plan rules permit the Company to determine whether any liability for employer's UK NICs arising in connection with any Options shall be transferred to Option Holders, to the extent legally permissible.

(e) *Exercise price*

The price per Ordinary Share payable on the exercise of an Option shall be determined by the Remuneration Committee when Options are granted.

NSOs would have an exercise price which represents the market value of the Ordinary Shares on the date of grant.

(f) *Limit on the issue of Ordinary Shares*

The number of Ordinary Shares in respect of which rights to subscribe for new Ordinary Shares may on any day be granted under the Consultant Plan, when added to the number of Shares issued or which remain issuable pursuant to rights to subscribe for new Ordinary Shares granted under the Employee Plan and any other employees' share scheme of the Company in the period of 10 years beginning with the ending on that day shall not exceed 10 per cent. of the issued ordinary share capital of the Company on that day. For the purpose of calculating the 10 per cent. limit, among others, Ordinary Shares issued or to be issued for the purposes of satisfying the options granted by the Company in substitution of the options issued by Avalon to certain employees and consultants prior to the acquisition of Avalon by the Company will be disregarded.

(g) *Vesting and Performance Conditions*

Options will vest in accordance with the vesting schedule in the option agreements.

The Remuneration Committee may at its discretion set objective performance conditions to determine whether or the extent to which an Option will vest. Any performance conditions may be adjusted if an event occurs which causes the Remuneration Committee

to decide that the adjusted conditions will measure performance more fairly and provide a more effective incentive.

To the extent an Option has vested, it may be exercised at any time before the tenth anniversary of the date of grant, unless other earlier exercise or lapsing provisions apply.

(h) *Cessation of Engagement*

To the extent that an Option has not vested, it will cease to be capable of any further vesting on the cessation of the engagement of the Option Holder.

Option Holder dismissed for Cause
If an Option Holder has been dismissed for Cause (i.e. material breach of the Option Holder's contract of engagement or fraud or misconduct) his/her Option lapses in full.

Death of an Option Holder
In the case of death an Option Holder, to the extent the Option has vested at the date of death but not been exercised, it may be exercised within twelve months of the date of death.

The Remuneration Committee also has the discretion to allow the vesting of all or part of the unvested portion of an Option.

Intermediate Leaver
If an Option Holder ceases to be engaged in other circumstances, to the extent the Option has vested but not been exercised at the date of the cessation of the engagement, it may be exercised within six months thereafter or such period as the Remuneration Committee may determine.

(i) *Corporate Events*

In the event of a change of control of the Company, an Option to the extent vested will remain exercisable for a limited period of six months after the change of control (unless it is exercisable conditional on a change of control occurring, in which case the Option would need to be exercised before the change of control).

The Remuneration Committee also has the discretion to allow the vesting of all or part of the unvested portion of an Option.

Option Holders may, with the agreement of a new acquiring company, 'rollover' their Options in exchange for equivalent options over shares in the acquiring company, within a period of six months from such a change of control.

Option Holders may also be offered the opportunity to 'rollover' their Options in exchange for equivalent options over shares in a new company in the event of a reconstruction or reorganisation of the Company.

If a voluntary winding up of the Company is proposed, an Option, to the extent vested, will remain exercisable until the passing of the resolution.

(j) *Variation of capital*

If there is a variation in the Company's share capital, the number of Ordinary Shares subject to an Option and the exercise price may be adjusted by the Remuneration Committee in a fair and reasonable way after consulting with the Company's professional advisors.

(k) *Exercise of Options*

An Option may be exercised in whole or in part, to the extent that it has vested. To exercise an Option, the Option Holder must pay (or make alternative arrangements with the Company for the payment of) the aggregate exercise price and the tax and NIC liabilities arising on the exercise of the Option.

The grant and exercise of Options will be subject to any restrictions on dealing set out in the Market Abuse Regulation or otherwise imposed by statute, order, regulation or government directives.

The Remuneration Committee may decide to reduce or cancel an Option or to require the repayment of a benefit already received in the event of a material misstatement of the Company's results or fraud or gross misconduct of the Option Holder.

(l) *Satisfying the exercise of Options*

Within 30 days of the exercise of an Option, the Company will issue or procure the transfer of Ordinary Shares to satisfy the exercise of the Option.

Instead of satisfying the exercise of an Option by the issue or transfer of Ordinary Shares, the Remuneration Committee may, with the consent of the Option Holder, pay a cash instead equivalent to the gain on exercise.

(m) *Amendment and termination*

The Consultant Plan rules can be amended at any time by the Board provided that an Option Holder's subsisting rights cannot be adversely affected without the Option Holder's consent.

The Consultant Plan will terminate on the tenth anniversary of the date on which it was adopted. The subsisting rights of the Option Holders who have been granted Options prior to termination of the Consultant Plan will not be affected by the termination of the Consultant Plan.

10. UK Taxation

The following statements are intended only as a general guide to certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of new Ordinary Shares. They are based on current UK legislation and what is understood to be the current published practice of HMRC as at the date of this document, both of which may change, possibly with retroactive effect. They apply only to Shareholders who are resident and, in the case of individuals, domiciled for tax purposes in (and only in) the United Kingdom (except insofar as express reference is made to the treatment of non-UK residents), who hold their new Ordinary Shares as an investment (other than in an individual savings account or exempt pension arrangement) and who are the absolute beneficial owner of both the new Ordinary Shares and any dividends paid on them. The tax position of certain categories of Shareholders who are subject to special rules (such as persons acquiring their Shares in connection with employment, dealers in securities, insurance companies and collective investment schemes) is not considered.

The statements summarise the current position and are intended as a general guide only. Prospective investors who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom are strongly recommended to consult their own professional advisers.

10.1 ***The Company***

The Directors intend that the affairs of the Company will be managed and conducted so that it does not become resident in the United Kingdom for U.K. taxation purposes. Accordingly, and provided that the Company does not carry on a trade in the United Kingdom (whether or not through a permanent establishment situated therein), the Company will not be subject to U.K. income tax or U.K. corporation tax, except on certain types of U.K. source income and on any capital gains tax realised on the disposal of any U.K. land or the disposal of certain interests in entities which derive, directly or indirectly, 75 per cent. or more of their gross asset value from U.K. land.

10.2 ***Stamp Duty and Stamp Duty Reserve Tax***

No charge to stamp duty or stamp duty reserve tax ("**SDRT**") will arise on the issue or allocation of new Ordinary Shares pursuant to the Placing. Following Admission, the Ordinary Shares will be eligible securities traded on a recognised growth market (and not listed on any other recognised stock exchange) and accordingly no stamp duty or SDRT will be charged on the transfer of Ordinary Shares.

10.3 ***Dividends***

The United Kingdom taxation implications relevant to the receipt of dividends on the new Ordinary Shares are as follows:

The Company is not required to withhold tax when paying a dividend. Liability to tax on dividends will depend upon the individual circumstances of a Shareholder.

(a) *UK resident individual Shareholders*

Shareholders who are resident and domiciled in the UK for taxation purposes may, depending on their circumstances, be liable to UK income tax in respect of dividends paid by the Company.

All dividends received from the company by an Individual Shareholder who is resident and domiciled in the UK will, except to the extent that they are earned through an ISA, self-invested pension plan or other regime which exempts the dividend from tax, form part of the Shareholder's total income for income tax purposes and will represent the highest part of that income.

A nil rate of income tax will apply to the first £2,000 of dividend income received by an individual shareholder in the tax year 2019/20 (the Nil Rate Amount). Any dividend income received by a UK resident individual Shareholder in respect of the new Ordinary Shares in excess of the Nil Rate Amount will be subject to income tax at a rate of 7.5 per cent to the extent that it is within the basic rate band, 32.5 per cent to the extent that it is within the higher rate band and 38.1 per cent to the extent that it is within the additional rate band (for 2019/20).

Dividend income that is within the Nil Rate Amount counts towards an individual's basic or higher rate limits – and will therefore affect the level of savings allowance to which they are entitled, and the rate of tax that is due on any dividend income in excess of the Nil Rate Amount.

(b) *UK resident corporate Shareholders*

Shareholders within the charge to UK corporation tax which are "small companies" for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will generally not be subject to UK corporation tax on any dividend received provided certain conditions are met (including an anti-avoidance condition).

A UK resident corporate Shareholder (which is not a "small company" for the purposes of the UK taxation of dividends legislation in Part 9A of the Corporation Tax Act 2009) will be liable to UK corporation tax (currently at a rate of 19 per cent from 1 April 2017, and reducing to 17 per cent from 1 April 2020) unless the dividend falls within one of the exempt classes set out in Part 9A. Examples of exempt classes (as defined in Chapter 3 of Part 9A of the Corporation Tax Act 2009) include dividends paid on shares that are "ordinary shares" (that is shares that do not carry any present or future preferential right to dividends or to the Company's assets on its winding up) and which are not "redeemable", and dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer (or any class of that share capital in respect of which the distribution is made). However, the exemptions are not comprehensive and are subject to anti-avoidance rules.

(c) *Non-UK resident Shareholders*

Non-UK resident Individual Shareholders who receive a dividend from the Company are treated as having paid UK income tax on their dividend income at the dividend ordinary

rate (7.5 per cent.). Such income tax will not be repayable to a non-UK resident Individual Shareholder. A non-UK resident Shareholder is not generally subject to further UK tax on dividend receipts.

A non-UK resident Individual Shareholder may also be subject to taxation on dividend income under local law, in their country or jurisdiction of residence and/or citizenship. A shareholder who is not solely resident in the UK for tax purposes should consult his own tax advisers concerning his tax liabilities (in the UK and any other country) on dividends received from the Company in respect of liability to both UK taxation and taxation of any other country of residence or citizenship.

10.4 ***Disposal of shares***

For the purpose of UK tax on chargeable gains, the amounts paid by a Shareholder for Ordinary Shares will generally constitute the base cost of his holdings in those Ordinary Shares.

Placing

The acquisition of new Ordinary Shares pursuant to the Placing will not be regarded as a reorganisation of the company's share capital for the purposes of UK taxation of chargeable gains. Accordingly such an acquisition of new Ordinary Shares will instead be treated as a separate acquisition of shares.

Open Offer

The issue of new Ordinary Shares pursuant to the Open Offer to shareholders that are resident in the UK for UK tax purposes will not constitute a reorganisation of the Company's share capital for the purposes of UK taxation of chargeable gains and accordingly, any new Ordinary Shares acquired pursuant to the Open Offer will be treated as separately acquired from any Existing Ordinary Shares held. For both corporate and individual shareholders, the new Ordinary Shares should be pooled with their existing Ordinary Shares (provided the shares are of the same class) and the share identification rules will apply on a future disposal. For the purposes of calculating the indexation allowance (only in the case of corporate shareholders) on a subsequent disposal of Ordinary Shares, the amount paid will generally be taken into account only from the time that the payment was made.

Given the shares are offered at a discount, shareholders may be regarded as having a part-disposal of their existing shareholding when they take up shares under the Open Offer.

(a) UK resident individual Shareholders

A disposal or deemed disposal of new Ordinary Shares by a Shareholder who is resident in the United Kingdom for tax purposes may, depending upon the Shareholder's circumstances and subject to any available exemption or relief (such as the annual exempt amount currently set at £12,000 for the tax year 2019/20)), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains.

For such individual Shareholders, any chargeable gain on their disposal of Shares will be subject to capital gains tax at 10 per cent. to the extent it is within the basic rate band and 20 per cent. to the extent it is within the higher or additional rate bands for the tax year 2019/20.

(b) UK resident corporate Shareholders

For a corporate Shareholder within the charge to UK corporation tax, a disposal (or deemed disposal) of Ordinary Shares may give rise to a chargeable gain at the rate of corporation tax applicable to that Shareholder (currently 19 per cent with effect from 1 April 2017) or an allowable loss for the purposes of UK corporation tax.

(c) Non-UK resident Shareholders

A Shareholder who is not resident in the UK for tax purposes is generally not subject to UK capital gains tax, unless such a Shareholder carries on a trade, profession or vocation in

the UK through a branch or agency or, in the case of a non-UK resident corporate Shareholder, a permanent establishment to which the Ordinary Shares are attributable.

Individual Shareholders who are not resident in the United Kingdom will not be subject to UK capital gains tax in respect of gains arising on disposals of Ordinary Shares. However, a Shareholder who has previously been resident or ordinarily resident in the United Kingdom may in some cases be subject to UK tax on capital gains in respect of a disposal of Ordinary Shares in the event that they re-establish residence in the United Kingdom.

Shareholders who are not resident in the United Kingdom will not generally be subject to UK taxation of capital gains on the disposal or deemed disposal of Shares unless they are carrying on a trade, profession or vocation in the United Kingdom through a branch or agency (or, in the case of a corporate Shareholder, a permanent establishment) in connection with which the Shares are used, held or acquired. Non-UK tax resident Shareholders may be subject to non-UK taxation on any gain under local law.

An individual Shareholder who acquires shares whilst resident for tax purposes in the United Kingdom but subsequently ceases to be so resident or is subsequently treated as resident outside the United Kingdom for the purposes of a double tax treaty for a period of five years or less and who disposes of all or part of his or her Shares during that period may be liable to capital gains tax on his or her return to the United Kingdom, subject to any available exemptions or reliefs.

11. United States Federal Income Taxation

11.1 ***General***

This disclosure is a summary of certain US federal income tax issues relevant to a US Holder (as defined below) acquiring, owning and disposing of the Ordinary Shares. Additional tax issues may exist that are not addressed in this disclosure and that could affect the US federal income tax treatment of acquiring, owning and disposing of the Ordinary Shares.

This discussion does not address US state, local or non-US income tax consequences. The discussion applies only to US Holders who hold Ordinary Shares as capital assets for US federal income tax purposes and it does not address special classes of holders, such as:

(a) certain financial institutions;

(b) insurance companies;

(c) regulated investment companies or real estate investment trusts;

(d) dealers and traders in securities or currencies;

(e) persons holding Ordinary Shares as part of a hedge, straddle, conversion or other integrated transaction;

(f) persons whose functional currency for US federal income tax purposes is not the US dollar;

(g) partnerships or other entities classified as partnerships for US federal income tax purposes;

(h) certain taxpayers who file applicable financial statements required to recognize income when the associated revenue is reflected in such financial statements;

(i) holders that are resident or ordinarily resident in or have a permanent establishment in a jurisdiction outside the United States;

(j) United States expatriates;

(k) tax-exempt organizations, qualified retirement plans, individual retirement accounts or other tax-deferred accounts; or

(l) persons that own or are deemed to own 10 per cent. or more of either the total combined voting power or total value of the Company's stock.

This discussion is based on the US Internal Revenue Code of 1986, as amended (the "**US Tax Code**"), final, temporary and proposed US Treasury regulations promulgated thereunder, administrative pronouncements by the Internal Revenue Service (the "**IRS**") and judicial decisions, all as currently in effect and all of which are subject to change, possibly with retroactive effect. Prospective investors should consult their own tax advisers concerning the alternative minimum tax or US gift, estate, state, local and non-US tax consequences of purchasing, owning and disposing of Ordinary Shares in their particular circumstances.

As used herein, a "US Holder" is a beneficial owner of Ordinary Shares acquired pursuant to this Document that is, for US federal income tax purposes: (i) a citizen or resident of the United States; (ii) a corporation or other entity taxable as a corporation, created or organized in or under the laws of the United States or any political subdivision thereof; (iii) a trust that either (x) is subject to the control of one or more US persons and the primary supervision of a US court or (y) has an election in effect under current US Treasury regulations to be treated as a US person or (iv) an estate the income of which is subject to US federal income taxation regardless of its source.

The US federal income tax treatment of a partnership (or any entity treated for US federal income tax purposes as a partnership for such purposes), or a partner in such partnership, purchasing, owning and disposing of Ordinary Shares generally will depend on the status of the partner and the activities of the partnership. Such partnerships and the partners and owners in such partnerships should consult their own tax advisers about the US federal income tax consequences to them of the partnership's acquisition, ownership and disposition of Ordinary Shares.

11.2 ***Passive foreign investment company ("PFIC") considerations***

In general, the Company will be considered a PFIC for any taxable year in which: (i) 75 per cent. or more of its gross income consists of passive income; or (ii) 50 per cent. or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, if the Company, directly or indirectly, owns at least 25 per cent. by value of the stock of another corporation, then the Company would be treated as if it held its proportionate share of the assets of such other corporation and received directly its proportionate share of the income of such other corporation. Passive income generally includes dividends, interest, rents, royalties and capital gains. In general, gain from commodities transactions constitutes passive income for this purpose unless the gain is from a "qualified active sale" or "qualified hedging transaction." A qualified active sale is a sale of commodities in the active conduct of a commodities business as a producer, processor, merchant or handler of commodities if substantially all of a foreign corporation's commodities are stock in trade or inventory, depreciable property used in a trade or business, or supplies regularly used or consumed in the ordinary course of its trade or business. A qualified hedging transaction is limited to bona fide hedging with respect to commodities transactions reasonably necessary to the conduct of such a business as a producer, processor, merchant or handler of commodities.

While the application of these rules to the activities the Company expects to conduct is not entirely clear, it is likely that the Company would be viewed as investing in commodities and would not be considered to be engaged in the active conduct of a commodities business as a producer, processor, merchant or handler of commodities. It is therefore likely that the Company will meet the PFIC income and/or asset tests for the current year and in future years.

Under certain attribution rules, if the Company is a PFIC, US Holders will be deemed to own their proportionate share of any of the Company's subsidiaries which is also a PFIC (a "**Lower-tier PFIC**"), and will be subject to US federal income tax on: (i) certain distributions on the shares of a Lower-tier PFIC; and (ii) a disposition of shares of a Lower-tier PFIC, both as if the holder directly held the shares of such Lower-tier PFIC.

If a company is a PFIC for any taxable year during which a US Holder holds (or, is deemed to hold) its shares, such US Holder will be subject to significant adverse US federal income tax rules. Unless a holder makes a timely "QEF Election" or "mark-to-market" election, each as

described below, gain recognized upon a disposition (including, under certain circumstances, a pledge) of Ordinary Shares by such US Holder, or upon an indirect disposition of shares of a Lower-tier PFIC, will be allocated rateably over the US Holder's holding period for such shares and will not be treated as capital gain. Instead, the amounts allocated to the taxable year of disposition and to the years before the relevant company became a PFIC, if any, will be taxed as ordinary income. The amount allocated to each PFIC taxable year will be subject to tax at the highest rate in effect for such taxable year for individuals or corporations, as appropriate, and an interest charge (at the rate generally applicable to underpayments of tax due in such year) will be imposed on the tax attributable to such allocated amounts. A US Holder that is not a corporation must treat any such interest paid as "personal interest," which is not deductible. Any loss recognized will be capital loss, the deductibility of which is subject to limitations.

Further, to the extent that any distribution received by a US Holder on its Ordinary Shares (or a distribution by a Lower-tier PFIC to its shareholder that is deemed to be received by a US Holder) exceeds 125 per cent. of the average of the annual distributions on such shares received during the preceding three years or the US Holder's holding period, whichever is shorter, such excess distribution will be subject to taxation as described above. To the extent a distribution on the Ordinary Shares does not constitute an excess distribution to a US Holder, such US Holder generally will be required to include the amount of such distribution in gross income as a dividend to the extent paid out of the Company's current or accumulated earnings and profits (as determined for US federal income tax purposes) that are not allocated to excess distributions and will be included in a US Holder's gross income as ordinary income on the date actually or constructively received. Any such dividend shall be foreign source dividend income for foreign tax credit limitation purposes. Distributions in excess of such earnings and profits will be applied against and will reduce the US Holder's tax basis in the Ordinary Shares and, to the extent in excess of such basis, will be treated as gain from the sale or exchange of Ordinary Shares (which gain should be treated as an excess distribution and be subject to tax consequences relating to an excess distribution described above).

Corporate US Holders will not be entitled to claim the dividends-received deduction with respect to dividends paid by the Company. Dividends received by qualifying non-corporate US Holders will not be eligible for the preferential tax rate generally applicable to qualified dividend income received by individuals and certain other non-corporate US Holders.

11.3 ***Qualified Electing Fund Election ("QEF Election")***

A US Holder may be able to make timely elections to treat the Company and any Lower-tier PFICs controlled by the Company as QEFs to avoid the foregoing rules with respect to excess distributions and dispositions.

If a US Holder makes a QEF Election, the US Holder would be currently taxable on its pro rata share of the Company's ordinary earnings and net capital gain (at ordinary income and capital gains rates, respectively) for each taxable year for which the Company is classified as a PFIC, regardless of whether the US Holder received any dividend distributions from the Company. To the extent of such income inclusions, the US Holder would not be required to include in income any subsequent dividend distributions received from the Company. For purposes of determining a gain or loss on the disposition (including redemption or retirement) of Ordinary Shares, the US Holder's initial tax basis in the Ordinary Shares would be increased by the amount included in gross income as a result of a QEF Election and decreased by the amount of any non-taxable distributions on the Ordinary Shares. In general, a US Holder making a timely QEF Election will recognize, on the sale or disposition (including redemption and retirement) of Ordinary Shares, capital gain or loss equal to the difference, if any, between the amount realized upon such sale or disposition and that US Holder's adjusted tax basis in those Ordinary Shares. Such gain will be long-term if the US Holder has held the Ordinary Shares for more than one year on the date of disposition. Similar rules will apply to any Lower-tier PFICs for which QEF Elections are timely made. Certain distributions on, and gain from dispositions of, equity interests in Lower- tier PFICs for which no QEF Election is made will be subject to the general PFIC rules described above.

Each US Holder who desires to make QEF Elections must individually make QEF Elections with respect to each entity. Each QEF Election is effective for the US Holder's taxable year for which it is made and all subsequent taxable years and may not be revoked without the consent of the

IRS. In general, a US Holder must make a QEF Election on or before the due date for filing its income tax return for the first year to which the QEF Election is to apply. If a US Holder makes a QEF Election in a year following the first taxable year during such US Holder's holding period in which a company is classified as a PFIC, the general PFIC rules described above will continue to apply unless the US Holder elects to recognize gain as if the US Holder has sold shares in the Company or Lower-tier PFIC for their fair market value on the first day of the US Holder's taxable year for which the US Holder makes the QEF Election with respect to the Company or Lower-tier PFIC. Any gain recognized on this deemed sale would be subject to the general PFIC rules described above.

In order to comply with the requirements of a QEF Election, a US Holder must receive certain information from the Company. The Company expects to comply with all reporting requirements necessary for US Holders to make QEF Elections with respect to the Company and any Lower-tier PFICs which it controls. Specifically, the Company will use reasonable endeavours to provide, as promptly as practicable following the end of each taxable year the information necessary for such elections to registered holders of Ordinary Shares upon request. US Holders should consult their own tax advisers as to the advisability of, consequences of, and procedures for making, a QEF Election. The rules dealing with PFICs, QEF Elections, deemed sale elections and mark-to-market elections are complex and affected by various factors in addition to those described above. As a result, US Holders should consult their own tax advisers concerning the Company's PFIC status and the tax considerations relevant to an investment in a PFIC including the availability of and the merits of making QEF Elections (including the timing thereof), deemed sale elections, or mark-to-market elections.

11.4 ***Mark-to-Market Election***

Alternatively, a US Holder may be able to make a mark-to-market election with respect to the Ordinary Shares (but not with respect to the shares of any Lower-tier PFICs) if the Ordinary Shares are "regularly traded" on a "qualified exchange". In general, the Ordinary Shares will be treated as "regularly traded" in any calendar year in which more than a de minimis quantity of Ordinary Shares are traded on a qualified exchange on at least 15 days during each calendar quarter. A qualified exchange includes a non-US securities exchange that is regulated or supervised by a governmental authority of the country in which the securities exchange is located and meets certain trading, listing, financial disclosure and other requirements set forth in US Treasury regulations. The Company believes the London Stock Exchange (and AIM) is a qualified exchange. However, the Company can make no assurance that the Ordinary Shares will be listed on a "qualified exchange" or that there will be sufficient trading activity for the Ordinary Shares to be treated as "regularly traded". Accordingly, US Holders should consult their own tax advisers as to whether the Ordinary Shares would qualify for the mark-to- market election.

If a US Holder makes the mark-to-market election, for each year in which the Company is a PFIC, the holder will generally include as ordinary income the excess, if any, of the fair market value of their Ordinary Shares at the end of the taxable year over such holder's adjusted tax basis in the Ordinary Shares, and will be permitted an ordinary loss in respect of the excess, if any, of such holder's adjusted tax basis in their Ordinary Shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). If a US Holder makes the election, the holder's tax basis in the Ordinary Shares will be adjusted to reflect any such income or loss amounts. Any gain recognized on the sale or other disposition of Ordinary Shares will be treated as ordinary income.

A mark-to-market election applies to the taxable year in which the election is made and to each subsequent year, unless the Ordinary Shares cease to be marketable (as described above) or the IRS consents to the revocation of the election. If a mark-to-market election is not made for the first year in which a US Holder owns Ordinary Shares and the Company is a PFIC, the interest charge described in Section 11.2 above will apply to any mark-to-market gain recognized in the later year that the election is first made.

A mark-to-market election under the PFIC rules with respect to the Ordinary Shares would not apply to a Lower-tier PFIC, and a US Holder would not be able to make such a mark-to-market election in respect of its indirect ownership interest in any Lower-tier PFIC. Consequently,

US Holders of Ordinary Shares could be subject to the PFIC rules with respect to income of any Lower-tier PFIC.

US Holders should consult their own tax advisers regarding the availability and advisability of making a mark-to-market election in their particular circumstances.

11.5 ***Additional Consequences of Being a PFIC***

The IRS has issued proposed US Treasury regulations that, subject to certain exceptions, would cause a US Holder that had not made a timely QEF Election to recognize gain (but not loss) upon certain transfers of Ordinary Shares that would otherwise be tax-deferred (e.g. exchanges pursuant to corporate reorganizations). However, the specific US federal income tax consequences to a US Holder may vary based on the manner in which Ordinary Shares are transferred.

Certain additional adverse rules will apply with respect to a US Holder if the Company is a PFIC, regardless of whether such US Holder makes a QEF Election. For example under Section 1298(b)(6) of the US Tax Code, a US Holder that uses Ordinary Shares as security for a loan will, except as may be provided in US Treasury regulations, be treated as having made a taxable disposition of such Ordinary Shares. Special rules also apply to the amount of foreign tax credit that a US Holder may claim on a distribution from a PFIC. Subject to such special rules, foreign taxes paid with respect to any distribution in respect of stock in a PFIC are generally eligible for the foreign tax credit. The rules relating to distributions by a PFIC and their eligibility for the foreign tax credit are complicated, and a US Holder should consult with its own tax advisor regarding the availability of the foreign tax credit with respect to distributions by a PFIC.

If the Company is a PFIC for any taxable year during which a US Holder holds Ordinary Shares, the Company will continue to be treated as a PFIC with respect to the US Holder for all succeeding years during which the US Holder holds Ordinary Shares, regardless of whether the Company actually continues to be a PFIC. The US Holder may terminate this deemed PFIC status by electing to recognize gain (which will be taxed under the adverse tax rules discussed in Section 11.2, above) as if the US Holder's Ordinary Shares had been sold on the last day of the last taxable year for which the Company was a PFIC.

The PFIC rules are complex, and each US Holder should consult its own tax advisor regarding the PFIC rules (including the applicability and advisability of a QEF Election and Mark-to-Market Election) and how the PFIC rules may affect the US federal income tax consequences of the acquisition, ownership, and disposition of Ordinary Shares.

11.6 ***Receipt of Foreign Currency***

If a distribution is paid in foreign currency, the amount of the distribution a US Holder will be required to include in income will equal the US dollar value of the foreign currency, calculated by reference to the exchange rate in effect on the date the payment is actually or constructively received by the US Holder, regardless of whether the payment is converted into US dollars on the date of receipt. If the dividend is converted into US dollars on the date of receipt, the US Holder generally should not be required to recognize foreign currency gain or loss in respect of the dividend income. If the foreign currency so received is not converted into US dollars on the date of receipt, such US Holder will have a basis in the foreign currency equal to its US dollar value on the date of receipt. Any gain or loss realized by a US Holder on a sale or other disposition of foreign currency will be US source ordinary income or loss.

A US Holder that receives non-US currency on the disposition of Ordinary Shares will realize an amount equal to the US dollar value of the currency received at the spot rate on the date of sale (or, if the Ordinary Shares are traded on an established securities market, in the case of cash basis and electing accrual basis US Holders, the settlement date). A US Holder will recognize foreign currency gain or loss to the extent the US dollar value of the amount received at the spot exchange rate on the settlement date differs from the amount realized. A US Holder will have a tax basis in the currency received equal to the US dollar value of the currency received on the settlement date. Any gain or loss on a subsequent conversion or other disposition of the currency will be US source ordinary income or loss.

The US federal income taxation of the sale, exchange or other disposition of shares of a PFIC is extremely complex involving, among other things, significant issues as to the sourcing of any gain or loss realized on such sale, exchange or other disposition and any non-US currency that a US Holder receives upon such sale, exchange or disposition. Each US Holder should consult its own tax adviser with respect to the appropriate US federal income tax treatment of any sale, exchange or other disposition of the Ordinary Shares.

11.7 ***Medicare Tax on Net Investment Income***

Section 1411 of the Tax Code imposes a 3.8 per cent. tax on the net investment income of US Holders who are individuals, estates or trusts to the extent net investment income exceeds an income threshold. Net investment income generally will include all income from the Ordinary Shares.

Special rules apply in the case of a US Holder of Ordinary Shares that are not held in a business of trading financial instruments. As described above such a US Holder may be taxable for regular federal income tax purposes under the PFIC rules on its share of the earnings of the Issuer as those earnings accrue to the Issuer and not when they are distributed (and in that case, such US Holder's basis in such Ordinary Shares is increased by the amount of earnings that have been taxed to such US Holder but not distributed). Pursuant to regulations, a US Holder may elect to follow a similar approach in measuring net investment income. Otherwise, earnings that are included in income for regular income tax purposes by such a US Holder prior to distribution under the PFIC rules for QEFs generally would be included in net investment income only when distributed and the US holder's basis would not be increased to reflect previously taxed undistributed earnings. The election by a US Holder generally must be made for the first year in which the US Holder has income from the undistributed earnings of equity interests in the QEF and is or would be subject to the tax on net investment income. The election once made would be effective with respect to all interests in PFICs for which a QEF Election has been made and irrevocable and would apply to the taxable year for which it is made and all subsequent taxable years, as well as to all subsequently acquired equity interests in such PFICs (including if the investor exits its interests and later reinvests).

US Holders are urged to consult their tax advisors regarding the effect, if any, of Section 1411 and regulations thereunder on their investment in the Ordinary Shares in their particular circumstances.

11.8 ***Information reporting and backup withholding***

Under US federal income tax laws, certain categories of US Holders must file information returns with respect to their investment in, or involvement in, a foreign corporation (including IRS Form 926). Penalties for failure to file certain of these information returns are severe. For any year in which the Company is a PFIC, each US Holder will be required to file an information statement regarding such US Holder's ownership interest in the Company currently on Form 8621, with respect to each PFIC in which it owns an interest directly or, in some cases, indirectly (including through certain pass-through entities). US Holders of Ordinary Shares should consult with their own tax advisers regarding the requirements of filing information returns and QEF and mark-to-market elections.

Furthermore, certain US Holders "that own "specified foreign financial assets" with an aggregate value in excess of USD 50,000 generally are required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-US financial institution, as well as securities issued by a non-US issuer that are not held in accounts maintained by financial institutions. Investors who are required to report specified foreign financial assets and fail to do so may be subject to substantial penalties. Potential investors are urged to consult with their own tax advisers about information reporting requirements that may be applicable to their investment in the Ordinary Shares.

Any person that is required to file a US federal income tax return or US federal information return and participates in a "reportable transaction" in a taxable year is required to disclose certain information on IRS Form 8886 (or its successor form) attached to such person's US tax return for such taxable year (and also file a copy of such form with the IRS's Office of Tax Shelter Analysis)

and to retain certain documents related to the transaction. A transaction in which a person claims a loss deduction in respect of the Ordinary Shares may be considered a reportable transaction if the amount of such loss exceeds certain thresholds, regardless of whether such Ordinary Shares were purchased with cash or were otherwise held with a "qualifying basis" (as such term is defined in IRS Revenue Procedure 2013-11). There is an exception for certain mark-to-market losses.

Payment of dividends and sales proceeds that are made within the United States or through certain US-related financial intermediaries generally are subject to information reporting and to backup withholding unless the US Holder is a corporation or other exempt recipient or, in the case of backup withholding, the US Holder provides a correct taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred. The amount of any backup withholding from a payment to a US Holder will be allowed as a credit against the holder's US federal income tax liability and may entitle such holder to a refund, provided that the required information is timely furnished to the IRS. Prospective investors should consult their tax advisers about qualifying for an exemption from backup withholding.

THIS SUMMARY IS FOR GENERAL INFORMATION ONLY AND IT IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL ADVICE TO ANY SHAREHOLDER OR PROSPECTIVE INVESTOR. FURTHER, THIS SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL US FEDERAL INCOME TAX CONSEQUENCES RELATING TO US HOLDERS OF THEIR ACQUISITION, OWNERSHIP AND DISPOSITION OF THE ORDINARY SHARE ACCORDINGLY, PROSPECTIVE US HOLDERS OF THE ORDINARY SHARES SHOULD CONSULT THEIR OWN TAX ADVISERS ABOUT THE US FEDERAL, STATE, LOCAL AND NON-US CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE ORDINARY SHARES IN THEIR PARTICULAR CIRCUMSTANCES

12. Certain Canadian Federal Income Tax Considerations – Residents of Canada

12.1 The following summary describes, as of the date hereof, the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) and the regulations promulgated thereunder (the "**Canadian Tax Act**") generally applicable to an investor who acquires, as beneficial owner, Ordinary Shares pursuant to the Placing who, at all relevant times and for purposes of the Canadian Tax Act (i) is, or is deemed to be, resident in Canada, (ii) is not exempt from Canadian federal income tax, (iii) does not, and will not be deemed to use or hold the Ordinary Shares in the course of carrying on a business in Canada or has acquired such shares in a transaction or transactions considered to be an adventure of trade, (iv) deals at arm's length with the Company, (v) is not affiliated with the Company, and (vi) acquires and holds the shares as capital property (a "**Canadian Resident Holder**"). Ordinary Shares will generally be considered to be capital property to a Canadian Resident Holder unless they are held in the course of carrying on a business or were acquired in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary does not apply to a Canadian Resident Holder: (i) that carries on, or is deemed to carry on, an insurance business in Canada and elsewhere; (ii) that is a financial institution (As defined in the Canadian Tax Act) subject to the "mark-to-market property" rules contained in the Canadian Tax Act; (iii) an interest in which is a "tax shelter investment" (as defined in the Canadian Tax Act); (iv) that reports its "Canadian tax results" in a currency other than Canadian currency; or (v) in respect of whom the Company is or will be a foreign affiliate within the meaning of the Canadian Tax Act. . Such holders should consult their own tax advisors.

This summary is based on the provisions of the Canadian Tax Act in force on the date hereof and our understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") published in writing and publicly available prior to the date hereof. This summary takes into account all specific proposals to amend the Canadian Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and assumes that all such Proposed Amendments will be enacted in the form proposed. However, no assurance can be given that the Proposed Amendments will be enacted in the form proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or

legislative decision or action or changes in the administrative policies and assessing practices of the CRA, nor does it take into account the laws of any province or territory of Canada or of any jurisdiction outside of Canada, which may differ from those discussed in this summary. No advance income tax ruling has been sought or obtained from the CRA to confirm the tax consequences of any of the transactions described in this document.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, or any changes in the administrative practices or assessing policies of the CRA. This summary does not take into account tax legislation of any province, territory or foreign jurisdiction. Provisions of provincial income tax legislation vary from province to province in Canada and may differ from federal income tax legislation. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular Canadian Resident Holder. Canadian Resident Holders should consult their own tax advisors having regard to their own particular circumstances.

This summary does not address income tax consequences applicable to investors, who:

(a) are partnerships or trusts;

(b) are directors, officers, or other insiders of the Company or its affiliates;

(c) hold their shares of the Company as inventory or stock in trade (or otherwise not as capital property); or

(d) acquired the Company's shares on the exercise of the Company's options.

12.2 ***Currency Conversion***

Generally, for purposes of the Canadian Tax Act, all amounts relating to the acquisition, holding or disposition of the Ordinary Shares must be determined in Canadian dollars, including dividends, the adjusted cost base, and the proceeds of disposition. Any amount denominated in a currency other than Canadian currency must be converted into Canadian dollars, based on the prevailing exchange rate quoted by the Bank of Canada applicable at the time such amounts arose (or if there is no such rate quoted for the applicable day, the closest preceding day for which such a rate is quoted) or such other rate of exchange acceptable to the CRA.

12.3 ***Dividends***

A Canadian Resident Holder will be required to include in computing its income for a taxation year any taxable dividend received or deemed to be received on common shares. Such dividends received by an investor who is an individual will not be subject to the gross-up and dividend tax credit rules under the Canadian Tax Act. An investor of the company that is a corporation will include such dividends in computing its income and generally will not be entitled to deduct the amount of such dividends in computing its taxable income unless certain exemption applies. Canadian Resident Holders are urged to consult their own tax advisors about the specific tax consequences of their particular circumstances.

12.4 ***Disposition of Shares***

One-half of any capital gain (a "taxable capital gain" as defined in the Canadian Tax Act) realized upon, where applicable, an investor's disposition of the Company's shares will be included in such investor's income for the year, and one-half of any capital loss (an "allowable capital loss" as defined in the Canadian Tax Act) so realized, where applicable, may be deducted by such holder against the investor's taxable capital gains for the taxation year in which the disposition occurs.

Subject to the detailed rules in the Canadian Tax Act, any excess of allowable capital losses over taxable capital gains of the said holder for the year of disposition may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains in those other years.

Capital gains realised by an individual or trust, other than certain trusts, may be relevant for purposes of calculating liability for alternative minimum tax under the Canadian Tax Act.

In the case of a corporation, the amount of any capital loss arising on a disposition, or deemed disposition, of any share may be reduced by the amount of dividends received, or deemed to have been received, by it on such share. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns shares, or where a trust or partnership of which a corporation is a beneficiary or a member is a member of a partnership or a beneficiary of a trust that owns any shares.

12.5 ***Additional refundable tax***

An investor that is a "Canadian-controlled private corporation" (as defined in the Canadian Tax Act) is liable for pay an additional refundable tax on its "aggregate investment income" (as defined in the Canadian Tax Act), including taxable capital gains realized and dividends received or deemed to be received in respect of the Ordinary Shares (but not dividends or deemed dividends that are deductible in computing taxable income). A portion may be refundable when sufficient taxable dividends are paid.

12.6 ***Foreign Property Information Reporting***

In general, a "specified Canadian entity", as defined in the Tax Act, whose total cost amount of "specified foreign property", as defined in the Tax Act, at any time in the taxation year or fiscal period exceeds $100,000, is required to file an information return for the year or period disclosing prescribed information, which may include the cost amount, any dividends received in the year, and any gains or losses realized in the year, in respect of such property. With some exceptions, a taxpayer resident in Canada in the year will be a specified Canadian entity. Ordinary Shares in the Company will be specified foreign property to a Canadian Resident Holder. Accordingly, Canadian Resident Holders should consult their own advisers regarding compliance with these rules.

13. Jersey Taxation

13.1 The following summary of the anticipated treatment of the Company and holders of Ordinary Shares is based on Jersey taxation law and practice as they are understood to apply at the date of this Offer Memorandum and is subject to changes in such taxation law and practice. It does not constitute legal or tax advice and does not address all aspects of Jersey tax law and practice. Prospective investors in the Company's Ordinary Shares should consult their professional advisers on the implications of acquiring, holding, selling or otherwise disposing of the Ordinary Shares under the laws of any jurisdiction in which they may be liable to taxation.

The Company

13.2 Companies resident in Jersey for tax purposes or in receipt of certain Jersey sourced income pay Jersey income tax at a rate of 0 per cent., 10 per cent., or 20 per cent. on taxable income, depending on their activities and Jersey-sourced income.

13.3 Activities and income of companies not falling to be liable to Jersey income tax at the rates of 10 per cent. and 20 per cent. (as explained below) and not otherwise exempt are taxable in Jersey at the general rate of 0 per cent.

13.4 The 10 per cent. rates applies to certain companies that meet the definition of 'financial services companies' that also have a permanent establishment in Jersey.

13.5 The 20 per cent. tax rate applies to certain utility companies such as, telephone, gas and electricity companies operating in Jersey. Certain other income sources are taxable at 20 per cent. such as Jersey real estate income, (which includes rental income and property development profits), quarrying activities and importing and supplying hydrocarbon fuels. Furthermore, from 1 January 2018, a 20 per cent. rate also applies to retailers in Jersey with taxable turnover exceeding GBP £2 million and net taxable profit greater than GBP £500,000.

13.6 The company should be regarded as resident in Jersey for tax purposes, on the basis that it is incorporated and centrally managed and controlled in Jersey, and liable to Jersey income tax at the general rate of 0 per cent.

Economic Substance

13.7 With effect from 1 January 2019, Jersey has introduced a legal economic substance test.

13.8 Jersey's economic substance test applies to companies that are resident in Jersey for tax purposes and are carrying on relevant activities that generate gross income. For each accounting period starting on or after 1 January 2019 in which a company meets these conditions, the company must demonstrate that it has adequate substance in Jersey.

13.9 A company will have adequate substance in Jersey, and thus satisfy the economic substance test, where it can demonstrate that it meets all of the following conditions for each relevant activity carried on by it and for each relevant accounting period:

(a) the company is directed and managed in Jersey in relation to its relevant activity;

(b) having regard to the level of relevant activity carried on in Jersey:

(i) there are an adequate number of employees in relation to that activity who are physically present in Jersey (whether or not employed by the resident company or by another entity and whether on temporary or long-term contracts);

(ii) there is adequate expenditure incurred in Jersey; and

(iii) there are adequate physical assets in Jersey.

(c) all of the company's core income-generating activities are carried out in Jersey; and

(d) if any core income-generating activities are carried out in Jersey for the company by another entity, the company is able to monitor and control the carrying out of that activity by the other entity.

13.10 Failure to meet the economic substance test for an accounting period can result in a penalty of up to a maximum of £10,000. The penalty for failing to meet the economic substance test in subsequent accounting periods increases to a maximum of £100,000.

13.11 The Comptroller of Taxes will also have the authority to recommend proceedings to wind up companies that fail to satisfy the economic substance test.

13.12 Failing to meet the economic substance test will also result in the Comptroller of Taxes exchanging information with appropriate competent tax authorities (i.e. where a bilateral agreement or multilateral convention permits) for the country where the Company's holding company, ultimate holding company and ultimate beneficial owner reside.

Jersey Goods and Services Tax

13.13 Jersey has an indirect tax, Goods and Services Tax (GST). The rate applicable to most suppliers is the standard rate of 5 per cent., but some supplies may be zero rated or exempt.

13.14 The company may qualify as international services entity (ISE) for the purposes of the Goods and Services Tax (Jersey) Law 2007 (as amended) (the "**GST Law**") and, accordingly, it will not be required: (i) to register as a taxable person pursuant to the GST Law; (ii) to charge GST in Jersey in respect of any supply made by it; or (iii), to pay GST in Jersey in respect of any supply made to it.

13.15 To become an ISE, the company is required to make an appropriate application and pay an annual fee by the required date.

Shareholders

13.16 There is no capital gains tax, estate duty or inheritance tax in Jersey.

13.17 Dividends on Ordinary Shares and redemption proceeds may be paid by the Company without withholding or deduction for or on account of Jersey income tax.

13.18 Non-Jersey resident Shareholders should be exempt from Jersey income tax on receipt of any distributions from the Company.

13.19 Shareholders who are resident in Jersey for income tax purposes may be liable to pay income tax on distributions (including redemption proceeds) received from the Company.

13.20 No stamp duties are payable in Jersey on the acquisition, ownership, exchange, sale or other disposition between living persons of interests. A land transaction tax applies on the transfer of shares in companies, the ownership of which confers a right of occupation of a dwelling located in Jersey.

13.21 Probate stamp duty is charged on the deceased person's moveable estate. For individuals who were resident in Jersey, the whole of their estate is subject to probate stamp duty, whilst for individuals who were resident outside of Jersey, just their Jersey situs assets are subject to probate stamp duty. The rate stamp duty varies between ranges of 0 per cent. and 0.75 per cent. depending on the value of the deceased's estate who died domiciled in Jersey. The stamp duty is capped at £100,000.

Intergovernmental Agreements (IGAs) and the Common Reporting Standard

Background to the IGAs

13.22 The Foreign Account Tax Compliance Act (FATCA) was introduced by the USA in 2010 and requires financial institutions outside of the US to register on a publicly available IRS website and to report information on financial accounts held by their US resident customers to the IRS. If financial institutions do not comply with the US regulations, a 30 percent. withholding tax is imposed on US source income and gains payable to the financial institution. Financial institutions will also be required to close accounts where their US customers do not provide the requisite information.

13.23 In recognition that in many jurisdictions there are legal barriers to implementing FATCA, the US announced an alternative intergovernmental approach to FATCA implementation, signing Intergovernmental Agreements ("**IGAs**") with a large number of other countries. In addition, the UK had previously entered into similar agreements with their Crown Dependencies and Overseas Territories. Jersey has signed IGAs with the US (signed on 13 December 2013) and the UK (signed on 22 October 2013).

13.24 Jersey has issued local regulations implementing both the US and the UK IGA, as well as local guidance notes. Importantly, neither the Jersey-US nor the Jersey-UK IGA provide for any withholding tax in the case of non-compliance with the provisions of the IGA. The UK IGAs were effectively superseded by the implementation of the Common Reporting Standard with effect from 1 January 2016, discussed in further detail below.

Implications for the company with regard to the US IGAs

13.25 If the company is classified as a "foreign financial institution" under the US IGA, it may be required to enter into an agreement with the US Internal Revenue Service (the "**IRS**"). Further, the Company may be obliged to obtain information about its account holders and to disclose information about its US investors to the IRS. The Company could become subject to a 30 per cent. withholding tax on certain payments of (or attributable to) US source income to the Company if it does not enter into such an agreement, is unable to obtain required information about its US investors, or otherwise fails to satisfy obligations under the agreement. Additionally, and if the Company fails to comply with its obligations under the US IGA, the 30 per cent. withholding tax could be imposed on some or all of the payments made to US investors that do not provide the required information. Further, and if the Company is not characterised as a foreign financial institution, it nevertheless may become subject to such 30 per cent. withholding tax on certain payments of (or attributable to) US source income unless it either provides information to withholding agents with respect to its "substantial US owners" or makes certain certifications. As a result, investors may be required to provide any information that the Company determines necessary to avoid the imposition of such withholding tax or in order to allow the Company to satisfy such obligations.

Common Reporting Standard (CRS)

13.26 The OECD presented a first draft of the "Standard for automatic exchange of financial account information" (Common Reporting Standard or CRS) and a corresponding model agreement (Competent Authority Agreement or CAA), extending the scope of the principles of automatic exchange of information to a significant number of other countries. Jersey has signed the CAA, and undertook the first exchange of data for the 2016 reporting period in 2017. Similar to its obligations under the US IGA, should the Company be classified as a financial institution under the Jersey CAA or the supporting CRS Legislation, it will be obliged to obtain information on investors and potentially thereafter disclose information about its investors resident in CRS member jurisdictions on an annual basis. Whilst there is no withholding tax applied to payments under the CRS, the Company may become subject to penalties and sanctions should it fail to comply with any obligation under the Jersey CRS Legislation or the CAA.

14. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business):

(a) have been entered into by any member of the Existing Group during the two years immediately preceding the date of this document; or

(b) have been entered into by a member of the Enlarged Group and contain provision under which any member of the Enlarged Group has any obligation or entitlement which is or may be material to any member of the Enlarged Group at the date of this document.

14.1 ***The Existing Group***

Riverfort Investment Agreement

An Investment Agreement between (1) the Company, (2) YA II PN, Ltd, and (3) Riverfort Global Opportunities PCC Limited dated 13 March 2020 pursuant to which YA 11 PN, Ltd and Riverfort Global Opportunities PCC Limited agree to lend £3.0 million (the "**Principal Amount**") to the Company (the "**Riverfort Facility**").

The Riverfort Facility incurs interest at a rate of 12 per cent. per annum and is subject to a 2.5 per cent. commitment fee on the Principal Amount and a drawdown fee of 5 per cent. in respect of each advance. The commitment fee can be satisfied by the issue of Ordinary Shares. The Principal Amount is advanced in tranches over the 18 month period following Admission.

The Principal Amount and all interest accrued is convertible into Ordinary Shares in the Company at the lower of (i) 90 per cent. of the volume weighted average price in the ten days immediately preceding the date of the relevant conversion notice; and (ii) 130 per cent. of the volume weighted average price for the five days immediately prior to the relevant advance.

In addition the Company has agreed to issue, at drawdown, warrants over Ordinary Shares equal to 50 per cent. of the Principal Amount, exercisable over a period of four years at a price of 2.15 pence per Ordinary Share.

The Riverfort Facility shall, at drawdown, be secured by the Company granting a fixed and floating charge over its assets.

The Placing and Admission

(a) A placing agreement dated 13 March 2020 and made between (1) Company (2) VSA Capital (3) Investec (4) the Directors and (5) the Proposed Directors pursuant to which Investec and VSA Capital have agreed, subject to certain conditions, to act as agents for the Company and to use their reasonable endeavours to procure placees to subscribe for the Placing Shares at the Issue Price. In addition Investec and VSA Capital have the right but not the obligation to use their reasonable endeavours to procure subscribers for any Open Offer Shares not taken up by Qualifying Shareholders.

The Placing Agreement is conditional upon, *inter alia*, Completion of the Acquisition, Admission occurring on or before 8.00 a.m. on 2 April 2020 (or such later date as the Company and Investec and VSA Capital may agree, being not later than 8.00 a.m. on 2 May 2020) and there not having occurred in VSA Capital and Investec's opinion (acting

in good faith) a Material Adverse Change before Admission. The Placing Agreement contains warranties from the Company, the Directors and the Proposed Directors in favour of Investec and VSA Capital in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Enlarged Group and its business.

In addition, the Company has agreed to indemnify Investec and VSA Capital in respect of certain liabilities it may incur in respect of the Placing. Investec and VSA Capital have the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a material breach of the warranties or a force majeure event.

(b) Pursuant to a lock-in and orderly market agreement dated 13 March 2020 each of (i) the Directors, (ii) the Proposed Directors and (iii) any Sellers individually holding 3 per cent. or more of the Enlarged Share Capital (together, the "**Covenantors**"), has undertaken to the Company, VSA Capital and Investec (subject to certain limited exceptions including disposals by any Sellers to satisfy warranty claims under the Acquisition Agreement, transfers to a connected person (as defined under section 252 of the Act) or to trustees for their benefit, disposals by any Sellers to satisfy any personal tax liability arising from the Transaction and disposals by way of acceptance of a recommended takeover offer of the entire issued share capital of the Company) not to dispose of the Security Interests held by each of them on Admission at any time prior to the six month anniversary of Admission (the "**Lock-in Period**"), without the prior written consent of Investec and VSA Capital.

Furthermore, each of the Covenantors has also undertaken to the Company, VSA Capital and Investec not to dispose of the Security Interests held by them on Admission, for a period of six months following the expiry of the Lock-in Period otherwise than through Investec or VSA Capital and subject to orderly market arrangements.

Interim Financing

(a) An Investment Agreement dated 1 November 2019 and made between (1) the Company and (2) Bushveld pursuant to which the Company agrees to:

(i) conditional on Completion of the Acquisition, allot and issue Conversion Shares in accordance with the terms of a convertible loan between Bushveld and Avalon;

(ii) grant Bushveld the right to participate in the Placing up to $15 million (or such other amount as may be agreed); and

(iii) subject to it continuing to beneficially own at least five per cent. of the issued Ordinary Shares, grant for one year from Completion of the Acquisition, the right to nominate a director of the Company. Bushveld will retain that right after one year provided it beneficially owns at least 10 per cent. of the issued Ordinary Shares. In addition, for so long as Bushveld beneficially owns at least 20 per cent. of the issued Ordinary Shares, it shall have a right to nominate two directors of the Company.

The Investment Agreement terminates on Bushveld ceasing to beneficially hold at least 5 per cent. of the issued Ordinary Shares, or on written agreement of Bushveld and the Company.

(b) A Right of First Refusal Agreement between (1) the Company and (2) Bushveld, dated 1 November 2019 pursuant to which the Company agrees, conditional on the Completion of the Acquisition, to grant Bushveld a right of first refusal to supply vanadium products to the Enlarged Group for two years, and thereafter subject inter alia to Bushveld continuing to beneficially own at least 5 per cent. of the issued Ordinary Shares;

(c) A Loan Agreement between (1) Avalon, and (2) the Company dated 1 November 2019 pursuant to which Avalon agrees to lend up to $2.5 million to the Company. The loan incurs interest at a rate of 12 per cent. per annum and is subject to a 20 per cent. commitment fee on all amounts drawn thereunder. In the event that the Acquisition does not complete successfully, the terms of the Interim Loan provide that the principal amount of up to $2.5 million, together with interest at 12 per cent. per annum, becomes repayable to Avalon six months after any announcement by the Company that the Acquisition is no

longer proceeding. The Company has granted security over certain of its assets to Avalon as part of this loan in the form of the Share Charge Deed set out below.

(d) A Share Charge Deed between (1) Avalon, and (2) the Company dated 1 November 2019 pursuant to which the Company grants Avalon a charge over the shares held by the Company in:

(i) Camco Holdings UK Limited;

(ii) Re-Fuel Technology Limited; and

(iii) redT energy Holdings (Ireland) Limited,

as security for its obligations under the Interim Loan.

General

(a) March 2019, Placing Agreement

On 14 March 2019 the Company entered into a Placing Agreement with VSA Capital, pursuant to which VSA Capital conditionally agreed to use their reasonable endeavours to procure the subscription of the 47,000,000 Ordinary Shares at a price of 2 pence per Ordinary Share.

The placing agreement contained customary warranties from the Company in favour of VSA Capital in relation to, inter alia, the accuracy of the placing documents and other matters relating to the Group and its business. In addition, the Company agreed to indemnify VSA Capital in relation to certain defined liabilities they may incur in respect of the placing.

The placing agreement contained certain market standard conditions which were satisfied and the placing shares were admitted to trading on AIM on 10 April 2019.

(b) October 2018, Placing Agreement

On 3 October 2018 the Company entered into a placing agreement with VSA Capital and Investec Bank plc, pursuant to which VSA Capital and Investec Bank plc, as agents for the Company, conditionally agreed to use their reasonable endeavours to procure subscribers for 71,903,366 Ordinary Shares at a price of 7 pence per Ordinary Share.

The placing agreement contained customary warranties from the Company in favour of VSA Capital and Investec Bank plc in relation to, inter alia, the accuracy of the information contained in the RIS announcements issued by the Company since 30 June 2018 and other matters relating to the Group and its business. In addition, the Company agreed to indemnify VSA Capital and Investec Bank plc in relation to certain defined liabilities they may incur in respect of the placing.

The placing agreement contained certain market standard conditions which were satisfied and the placing shares were admitted to trading on AIM on 9 October 2018.

14.2 ***Avalon***

Series C Financing

(a) Series C Preferred Stock Purchase Agreement dated 12 March 2020, by and among Avalon and the persons and entities party thereto, pursuant to which Avalon may issue and sell up to 10,471,375 shares of Avalon Series C Preferred to the counterparties thereto and issued warrants for the purchase of up to 250,000 shares of Avalon Common Stock to Brantingham & Carroll International, Ltd ("**BCI**").

(b) Avalon is party to the following investment documents which will be terminated immediately prior to, and contingent upon, Completion:

(i) Amended and Restated Investors Rights Agreement, dated as of 12 March, 2020, by and among Avalon and the persons and entities listed on Exhibit A and Exhibit B

thereto, pursuant to which the Company granted certain information, registration and pre-emptive rights, among others, to its stockholders;

(ii) Amended and Restated Right of First Refusal and Co-Sale Agreement, dated as of 12 March, 2020, by and among Avalon and the individuals and entities listed on Exhibit A and Exhibit B thereto, pursuant to which certain major holders of common stock of Avalon granted rights of first refusal and co-sale rights to holders of preferred stock of Avalon; and

(iii) Amended and Restated Voting Agreement, dated as of 12 March, 2020, by and among Avalon and the persons and entities listed on Exhibit A and Exhibit B thereto pursuant to which all stockholders of the Company agreed to vote in favour of certain designees appointed to the board of directors of Avalon and to a drag-along in case of a sale of Avalon to a third party.

Interim Financing

(c) Bushveld Convertible Loan

(i) The Bushveld Convertible Loan executed by Avalon on 1 November 2019 created 50 $100,000 12 per cent. fixed rate convertible loan notes pursuant to a loan note instrument (the "**Loan Note Instrument**") in order to provide liquidity for the Merger in accordance with a use of proceeds schedule set out therein.

(ii) The principal amount, accrued interest outstanding, and in the case of a conversion into Company shares only, the Commitment Fee (as defined therein), shall automatically convert into fully paid Conversion Shares on the date on which the Merger completes.

(iii) An Agreement to Purchase and Issue Loan Notes between (1) Avalon and (2) Bushveld, dated 1 November 2019, pursuant to which Bushveld agreed to subscribe for, and Avalon agreed to issue, loan notes for an aggregate amount of $5,000,000 in four tranches between November 2019 and January 2020. Each drawdown is subject a 20 per cent. commitment fee.

(d) A Right of First Refusal Agreement between (1) Avalon and (2) Bushveld, dated 1 November 2019, pursuant to which Avalon granted Bushveld a right of first refusal to supply vanadium products to Avalon for the period beginning on the first Drawdown Date (as defined in the Loan Note Instrument) and ending on the earlier of completion of the Merger or, subject to *inter alia*, the date on which Bushveld's beneficial holding in Avalon falls below 5 per cent.

(e) A Loan Agreement between (1) Avalon and (2) the Company, dated 1 November 2019, pursuant to which Avalon agreed to lend up to £1.9 million to the Company. The loan incurs interest at a rate of 12 per cent. per annum and is subject to a 20 per cent. commitment fee on all amounts drawn thereunder. In the event that the Acquisition does not complete successfully, the terms of the Interim Loan provide that the principal amount of up to £1.9 million, together with interest at 12 per cent. per annum, becomes repayable to Avalon six months after any announcement by the Company that the Acquisition is no longer proceeding. The Company has granted security over certain of its assets to Avalon as part of this loan in the form of the Share Charge Deed set out below.

(f) A Share Charge Deed between (1) Avalon and (2) the Company, dated 1 November 2019, pursuant to which the Company, as security for its obligations under the Interim Loan, granted Avalon a charge over the shares held by the Company in:

(i) Camco Holdings UK Limited;

(ii) Re-Fuel Technology Limited; and

(iii) redT energy Holdings (Ireland) Limited.

(g) Alberta

(i) Convertible A Loan Note Instrument executed by Avalon on 1 November 2019 created 50 $100,000 12 per cent. fixed rate convertible loan notes ("**Alberta Convertible Loan**") in order to provide liquidity for the Merger and for Avalon's general working capital requirements.

(ii) The principal amount, accrued interest outstanding, and in the case of a conversion into Company shares only, the Commitment Fee (as defined therein), shall automatically convert into fully paid Ordinary Shares on the date on which the Merger completes.

(iii) An Agreement to Purchase and Issue Loan Notes between (1) Avalon and (2) 1953621 Alberta Ltd. ("**Alberta**"), dated 1 November 2019, pursuant to which Alberta agreed to subscribe for, and Avalon agreed to issue, loan notes for an aggregate amount of $800,000 with an option for Albert to subscribe for and purchase up to 42 additional notes of $100,000 each. Each drawdown is subject a 20 per cent. commitment fee.

General

(h) On 22 March 2018, Avalon borrowed $3,000,000 from Hong Kong Hao Yuan Sheng Trading Company Limited and on 22 April 2019 borrowed an additional $1,000,000. Each amount is subject to an interest rate of 3 per cent. per annum and the principal plus accrued interest will convert into shares of Avalon Series C Preferred upon the initial closing of the Series C Preferred Stock financing.

(i) General Business Agreement between (1) Avalon and (2) NEXTracker ("**NX**"), dated 15 June 2017, pursuant to which NX may purchase products from Avalon or its authorized distributors through the issuance of purchase orders consistent with the General Business Agreement. NX is an affiliate of a global group of operating companies who collectively engage in providing global manufacturing solutions to original equipment manufacturers and procure various materials, components and services from qualified suppliers. BCI Commercial Term Sheet

(i) Letter of Intent between (1) Avalon and (2)BCI, dated 11 April 2019, pursuant to which the parties set forth their intent to enter into a joint venture related to the continued manufacturing and sale of Avalon's products in China. Upon Avalon's repayment of the manufacturing assets, BCI committed to manufacture Avalon's products for a period of no less than 24 months.

(ii) Commercial Term Agreement Addendum A between (1) Avalon and (2) BCI, dated 10 March 2018, pursuant to which BCI agreed to provide Avalon "open book" pricing and Avalon agreed to exclusively use BCI's service for sourcing certain components and assembling specified units.

(iii) Commercial Term Agreement between (1) Avalon and (2) BCI, dated 15 June 2017, related to BCI's manufacture and sale of Avalon's industrial vanadium flow battery and sub-components within China.

(j) Secondary Stock Purchase Agreement between (1) Avalon, (2) Johnson Chiang and (3) Invinity Energy Group Limited ("**Invinity**"), dated 30 December 2019, pursuant to which Avalon sold 3,000 ordinary shares of Invinity to Mr. Chiang. In accordance with the side letter executed in connection with the Secondary Stock Purchase Agreement, Mr. Chang agreed to work with Avalon and Invinity to facilitate the purchase and resale of vanadium products made by Invinity.

15. Working capital

In the opinion of the Directors and the Proposed Directors having made due and careful enquiry, taking into account the net proceeds of the Placing and the Riverfort Facility, the working capital available to the Enlarged Group will be sufficient for its present requirements, that is for at least the next 12 months from the date of Admission.

16. Litigation

No member of the Enlarged Group is or has been involved in any governmental, legal or arbitration proceedings which may have or have had during the last 12 months preceding the date of this document, a significant effect on the financial position or profitability of the Company and/or the Enlarged Group nor, so far as the Company is aware, are any such proceedings pending or threatened.

17. Significant change

17.1 Save as described in the paragraph headed "Current trading, operational trends and prospects" in Part I of this document, there has been no significant change in the financial performance or financial position of the Company since 30 June 2019, being the date to which the unaudited interim financial information of the Company was prepared.

17.2 Save as described in the paragraph headed "Current trading, operational trends and prospects" in Part II and paragraph 14.2 in Part VI of this document, there has been no significant change in the financial performance or financial position of Avalon since 30 June 2019, being the end of the period to which the unaudited interim financial information of Avalon was prepared.

18. Consents

18.1 Investec Bank plc is authorised and regulated in the United Kingdom by the FCA and the Prudential Regulation Authority. Investec has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which it appears.

18.2 VSA Capital Limited is authorised and regulated in the United Kingdom by the FCA. VSA Capital has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which it appears.

18.3 PricewaterhouseCoopers LLP, a member of the institute of Chartered Accountants in England and Wales under number OC303525 and its registered office is at 1 Embankment Place, London, WC2N 6RH. PricewaterhouseCoopers has given and have not withdrawn its written consent to the inclusion in this document of the report in Section B of Part V of this document and has authorised the contents of its report for the purposes of Schedule Two of the AIM Rules in the form and contexts in which it appears.

19. General

19.1 The net proceeds of the Placing are expected to be approximately £7.1 million net of expenses of the Placing which are estimated at £0.8 million, excluding VAT, and are payable by the Company.

19.2 The net proceeds of the Open Offer, assuming full take-up, are expected to be approximately £5.9 million net of expenses of the Open Offer which are estimated at £0.4 million, excluding VAT, and are payable by the Company.

19.3 Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, within the 12 months preceding the date of this document or entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission:

(a) fees totalling £10,000 or more;

(b) securities where these have a value of £10,000 or more calculated by reference to the Issue Price; or

(c) any other benefit with a value of £10,000 or more at the date of Admission.

19.4 Information in this document which has been sourced from third parties has been accurately reproduced and so far as the Company is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

19.5 Save as disclosed in this document, the Directors and the Proposed Directors are unaware of any exceptional factors which have influenced the Enlarged Group's activities.

19.6 Save as disclosed in this document, the Directors and the Proposed Directors are unaware of any environmental issues that may affect the Enlarged Group's utilisation of its tangible fixed assets.

19.7 Save as disclosed in this document, the Directors and the Proposed Directors are unaware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Enlarged Group's prospects for the current financial year.

19.8 Save as disclosed in this document, there are no investments in progress and there are no future investments on which the Directors or the Proposed Directors have already made firm commitments which are significant to the Enlarged Group.

19.9 Save as disclosed in this document, the Directors and the Proposed Directors believe that the Enlarged Group is not dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Enlarged Group's business or profitability.

19.10 The Company will be subject to the provisions of the City Code, including the rules regarding mandatory takeover offers set out in the City Code. Brief details of the Panel, the City Code and the protections they afford are described below. The City Code is issued and administered by the Panel. The City Code applies to all takeover and merger transactions, however effected, where the offeree company is, *inter alia*, a listed public company resident in the United Kingdom. The Company is a public company resident in the United Kingdom and its shareholders are therefore entitled to the protections afforded by the City Code. Under Rule 9 of the City Code, when (i) a person acquires, whether by a series of transactions over a period of time or not, an interest in shares (as defined in the City Code) which, when taken together with shares already held by him or persons acting in concert with him (as defined in the City Code), carry 30 per cent. or more of the voting rights of a company subject to the City Code or (ii) any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company subject to the City Code, and such person, or any person acting in concert with him, acquires additional shares which increases his percentage of the voting rights in the company, then, in either case, that person, together with the persons acting in concert with him, 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 of that company to acquire the balance of their interests in the company.

An offer under Rule 9 of the City Code must be in cash (or with a cash alternative) and at not less than the highest price paid within the preceding 12 months for any shares in the company by the person required to make the offer or any person acting in concert with him. Rule 9 of the City Code further provides, among other things, that where any person who, together with persons acting in concert with him holds over 50 per cent. of the voting rights of a company, acquires an interest in shares which carry additional voting rights, then they will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares. However, individual members of a concert party will not be able to increase their percentage interest in shares through or between a Rule 9 threshold without Panel consent. For the purposes of the City Code, persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), cooperate to obtain or consolidate control of a company. Paragraph (9) of the definition of 'acting in concert' also deems any shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a company to which the City Code applies to be acting in concert for the purposes of the City Code unless the contrary is established.

19.11 Under the Companies Law, if a takeover offer (as defined in Article 116 of the Companies Law) is made for the Ordinary Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the Ordinary Shares to which the takeover offer relates (the "**Takeover Offer Shares**") within 4 months of the date on which the takeover offer was made it could acquire compulsorily the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will acquire compulsorily their Takeover

Offer Shares and then, 6 weeks later, it would execute a transfer of the outstanding Takeover Offer Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding Shareholders. The consideration offered to the Shareholders whose Takeover Offer Shares are acquired compulsorily under the Companies Law must, in general, be the same as the consideration that was available under the takeover offer.

19.12 The Companies Law also gives minority Shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer relates to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror holds or has agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of Ordinary Shares to which the offer relates who has not accepted the offer is entitled by a written communication to the offeror to require it to acquire its Ordinary Shares. The offeror is required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, the giving notice. If a Shareholder exercises his other rights, the offeror is bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

19.13 Since the date of incorporation of the Company, there has been no takeover offer (within the meaning of Part 28 of the Act) for any Ordinary Shares.

19.14 The current accounting reference period of the Company will end on 31 December 2020.

20. Availability of this document

A copy of this document is available at the Company's website www.redtenergy.com.

Dated 13 March 2020

PART VII

SOME QUESTIONS AND ANSWERS ABOUT THE OPEN OFFER

The questions and answers set out in this Part VII are intended to be in general terms only and, as such, you should read Part VIII: of this document for full details of what action to take. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other appropriate independent financial adviser duly authorised under the FSMA if you are in the United Kingdom, or if not, from another appropriately authorised independent financial adviser. **For certainty, the Open Offer is not being extended into the United States or in any other Restricted Jurisdiction where such offer is not permitted pursuant to applicable securities laws.**

This Part VII deals with general questions relating to the Open Offer and more specific questions relating principally to persons resident in the United Kingdom who hold their Existing Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read Part VIII: "Terms and Conditions of the Open Offer" of this document and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your Open Offer Entitlement. If you hold your entitlement to Existing Ordinary Shares in uncertificated form (that is, through CREST) you should read Part VIII: "Terms and Conditions of the Open Offer" of this document for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor. If you do not know whether your Existing Ordinary Shares are in certificated or uncertificated form, please contact Computershare Investor Services plc, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY, or you can contact them on 0370 707 4040 from within the UK or +44 (0)370 707 4040 if calling from outside the UK. Lines are open between 8.30 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Fundraising nor give any financial, legal or tax advice.

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

1. What is an open offer?

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

In this instance Shareholders will also be offered the opportunity to apply for additional shares in excess of their entitlement to the extent that other Qualifying Shareholders do not take up their entitlement in full. The Issue Price is a 53 per cent. premium to the closing middle market price of 1.08 pence per Existing Ordinary Share on 25 July 2019, being the last practicable date prior to the announcement of the Fundraising, and a premium of 18 per cent. to the average price during the 90 trading days prior to 25 July 2019 of 1.4 pence per Ordinary Share.

This Open Offer is an invitation by the Company to Qualifying Shareholders to apply to acquire up to an aggregate of 380,500,174 Open Offer Shares at a price of 1.65 pence per share. If you hold Ordinary Shares on the Open Offer Record Date or have a *bona fide* market claim, other than, subject to certain exceptions, where you are a Shareholder with a registered address or located in the United States or any other Restricted Jurisdiction, you will be entitled to buy Open Offer Shares under the Open Offer.

The Open Offer is being made on the basis of Two Open Offer Shares for every five Existing Ordinary Shares held by Qualifying Shareholders on the Open Offer Record Date.

The Excess Application Facility allows Qualifying Shareholders to apply for Open Offer Shares in excess of their Open Offer Entitlements. Applications made under the Excess Application Facility will be scaled back pro rata to the number of shares applied for if applications are received from Qualifying Shareholders for more than the available number of Excess Shares. Unlike in a rights issue, Application

Forms are not negotiable documents and neither they nor the Open Offer Entitlements can themselves be traded.

2. I hold my Existing Ordinary Shares in certificated form. How do I know I am eligible to participate in the Open Offer?

If you receive an Application Form and, subject to certain exceptions, are neither a holder with a registered address nor located in the United States or any other Restricted Jurisdiction, then you should be eligible to participate in the Open Offer as long as you have not sold all of your Existing Ordinary Shares before 16 March 2020 (the time when the Existing Ordinary Shares are expected to be marked "ex-entitlement" by the London Stock Exchange).

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

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

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

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

If you would like to apply for any of or all of the Open Offer Shares comprised in your Open Offer Entitlement or any Excess Open Offer Entitlement you should complete the Application Form in accordance with the instructions printed on it and the information provided in this document. Completed Application Forms should be posted, along with a cheque or banker's draft drawn in the appropriate form, in the accompanying pre-paid envelope or returned by post or by hand (during normal office hours only), to Computershare Investor Services plc, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY (who will act as receiving agent in relation to the Open Offer) so as to be received by the Registrars by no later than 11.00 a.m. on 31 March 2020, after which time Application Forms will not be valid.

4. I hold my Existing Ordinary Shares in certificated form and am eligible to receive an Application Form. What are my choices in relation to the Open Offer?

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

If you do not want to take up the Open Offer Shares to which you are entitled, you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. You will also not receive any money when the Open Offer Shares you could have taken up are sold, as would happen under a rights issue. You cannot sell your Application Form or your Open Offer Entitlement to anyone else.

If you do not return your Application Form subscribing for the Open Offer Shares to which you are entitled by 11.00 a.m. on 31 March 2020, the Company has made arrangements under which the Company has agreed to issue the Open Offer Shares to other Qualifying Shareholders under the Excess Application Facility.

If you do not take up your Open Offer Entitlement then following the issue of the Open Offer Shares pursuant to the Open Offer, your interest in the Company will be significantly diluted.

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

If you want to take up some but not all of the Open Offer Shares to which you are entitled, you should write the number of Open Offer Shares you want to take up in Box 2 of your Application Form; for example, if you are entitled to take up 600 shares but you only want to take up 300 shares, then you should write '300' in Box 2. To work out how much you need to pay for the

Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, '300') by £0.0165, which is the price in pounds of each Open Offer Share (giving you an amount of £4.95 in this example). You should write this amount in Box 5, rounding down to the nearest whole pence and this should be the amount your cheque or banker's draft is made out for. You should then return the completed Application Form, together with a cheque or banker's draft for that amount, in the accompanying pre-paid envelope (for use only by Shareholders with registered addresses in the United Kingdom) or return by post to Computershare Investor Services plc, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY, or by hand (during normal office hours only), to the Receiving Agent, Computershare Investor Services plc of c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to be received by the Registrars by no later than 11.00 a.m. on 31 March 2020, after which time Application Forms will not be valid. If you post your Application Form by first-class post, you should allow at least four Business Days for delivery.

All payments must be in pounds sterling and made by cheque or banker's draft made payable to CIS plc re: redT energy plc Open Offer Account and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder and the number of an account held in the Applicant's name at the building society or bank by stamping or endorsing the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted. Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds) will not be accepted (see paragraph 11 of Part VII).

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Registrars to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by no later than 14 days following Admisison.

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

If you want to take up all of the Open Offer Shares to which you are entitled, all you need to do is send the Application Form (ensuring that all joint holders sign (if applicable)), together with your cheque or banker's draft for the amount (as indicated in Box 8 of your Application Form), payable to CIS plc re: redT energy plc Open Offer Account and crossed "A/C Payee Only", in the accompanying pre-paid envelope or return by post or by hand (during normal office hours only), to Computershare Investor Services plc, Corporate Actions Projects, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to be received by the Registrars by no later than 11.00 a.m. on 31 March 2020, after which time Application Forms will not be valid. If you post your Application Form by first-class post, you should allow at least four Business Days for delivery.

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

Provided you have agreed to take up your Open Offer Entitlement in full, you can apply for further Open Offer Shares under the Excess Application Facility. You should write the number of Open

Offer Shares comprised in your Open Offer Entitlement (as indicated in Box 7 of the Application Form) in Box 2 and write the number of additional Open Offer Shares for which you would like to apply in Box 3. You should then add the totals in Boxes 2 and 3 and insert the total number of Open Offer Shares for which you would like to apply in Box 4.

For example, if you have an Open Offer Entitlement for 600 Open Offer Shares but you want to apply for 900 Open Offer Shares in total, then you should write '600' in Box 2, '300' in Box 3 and '900' in Box 4. To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, '900') by £0.02, which is the price in pounds sterling of each Open Offer Share (giving you an amount of £18 in this example). You should write this amount in Box 5, rounding down to the nearest whole penny and this should be the amount your cheque or banker's draft is made out for. You should then return the completed Application Form, together with a cheque or banker's draft for that amount, in the accompanying prepaid envelope (for use by Shareholders with registered addresses in the United Kingdom only) or return by post to Computershare Investor Services plc, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY, or by hand (during normal business hours) to the Receiving Agent, Computershare Investor Services plc c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to be received by the Registrars by no later than 11.00 a.m. on 31 March 2020, after which time Application Forms will not be valid. If you post your Application Form by first class post, you should allow at least four Business Days for delivery.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications will be scaled back pro rata to the number of shares applied for if applications are received from Qualifying Shareholders for more than the available number of Excess Shares. It should be noted that applications under the Excess Application Facility may not be satisfied in full. A definitive share certificate will then be sent to you for the Open Offer Shares that you take up and otherwise successfully apply for using the Excess Application Facility. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by no later than 14 days following Admisison.

5. I hold my interest in Existing Ordinary Shares in CREST. What do I need to do in relation to the Open Offer?

CREST Holders should follow the instructions set out in Part VIII: "Terms and Conditions of the Open Offer" of this document. Persons who hold Existing Ordinary Shares through a CREST member should be informed by the CREST member through which they hold their shares of (i) the number of Open Offer Shares which they are entitled to acquire under their Open Offer Entitlement and (ii) how to apply for Open Offer Shares in excess of their Open Offer Entitlements under the Excess Application Facility provided they choose to take up their Open Offer Entitlement in full and should contact them should they not receive this information.

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

If you do not receive an Application Form, this probably means that you are not eligible to participate in the Open Offer. Some Shareholders, however, will not receive an Application Form but may still be eligible to participate in the Open Offer, namely:

- Qualifying Shareholders who held their Existing Ordinary Shares through CREST in uncertificated form on 12 March 2020 and who have converted them to certificated form;
- Qualifying Shareholders who bought Existing Ordinary Shares before 12 March 2020 but were not registered as the holders of those shares at the close of business on 12 March 2020; and
- certain Overseas Shareholders who are not resident in or subject to the laws of a Restricted Jurisdiction.

If you do not receive an Application Form but think that you should have received one or you have lost your Application Form, please contact the shareholder helpline of Computershare Investor Services plc, on 0870 702 4040 (from inside the United Kingdom) or +44 (0)870 702 4040 (from outside the United Kingdom), which is available between the hours of 8.30 a.m. to 5.30 p.m. on any Business Day.

For legal reasons, the shareholder helpline of Computershare Investor Services plc, will only be able to provide information contained in this document and information relating to the Company's register of members and will be unable to give advice on the merits of the Open Offer or to provide financial, tax or investment advice.

7. I am a Qualifying Shareholder, do I have to apply for all the Open Offer Shares I am entitled to apply for?

You can take up any number of the Open Offer Shares allocated to you under the Open Offer Entitlement. Your maximum Open Offer Entitlement is shown on your Application Form. Any applications by a Qualifying Shareholder for a number of Open Offer Shares which is equal to or less than that person's Open Offer Entitlement will be satisfied, subject to the Open Offer becoming unconditional.

8. Can I trade my Open Offer Entitlement?

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Shareholders should also note that their Application Forms are not negotiable documents and cannot be traded. Qualifying Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST they will have limited settlement capabilities (for the purposes of market claims only), the Open Offer Entitlements will not be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a bona fide market claim. Open Offer Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their Open Offer Entitlement will have no rights under the Open Offer or receive any proceeds from it.

9. What if I change my mind?

If you are a Qualifying Shareholder, once you have sent your Application Form and payment to the Registrars, you cannot withdraw your application or change the number of Open Offer Shares for which you have applied.

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

If you hold shares in the Company directly and you sell some or all of your Existing Ordinary Shares before 30 March 2020, you should contact the buyer or the person/company through whom you sell your shares. The buyer may be entitled to apply for Open Offer Shares under the Open Offer as set out in the Application Form.

If you sell any of your Existing Ordinary Shares on or after 16 March 2020, you may still take up and apply for the Open Offer Shares as set out on your Application Form.

11. I hold my Existing Ordinary Shares in certificated form. How do I pay?

Completed Application Forms should be returned with a cheque or banker's draft drawn in the appropriate form. All payments must be in pounds sterling and made by cheque or banker's draft made payable to CIS plc re: redT energy plc Open Offer Account and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner.

Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder and the number of an account held in the Applicant's name at the building society or bank by stamping or endorsing the cheque or draft to such effect. The account name should be the same as that shown on the application.

Post-dated cheques will not be accepted. Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds) will not be accepted.

12. Will the Existing Ordinary Shares that I hold now be affected by the Open Offer?

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

13. I hold my Existing Ordinary Shares in certificated form. Where do I send my Application Form?

You should send your completed Application Form in the accompanying pre-paid envelope or return by post to Computershare Investor Services plc, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY, or by hand (during normal office hours only), together with the monies in the appropriate form, to: Computershare Investor Services plc c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY (who will act as receiving agent in relation to the Open Offer). If you post your Application Form by first-class post, you should allow at least four Business Days for delivery. If you do not want to take up or apply for Open Offer Shares then you need take no further action.

14. I hold my Existing Ordinary Shares in certificated form. When do I have to decide if I want to apply for Open Offer Shares?

The Registrars must receive the Application Form by no later than 11.00 a.m. on 31 March 2020, after which time Application Forms will not be valid. If an Application Form is being sent by first class post in the UK, Qualifying Shareholders are recommended to allow at least four Business Days for delivery.

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

If you are a Qualifying Shareholder, but are a CREST member and want your Open Offer Shares to be held through CREST in uncertificated form, you should complete the CREST deposit form (contained in the Application Form), and ensure it is delivered to Euroclear Courier and Sorting Service in accordance with the instructions in the Application Form. CREST sponsored members should arrange for their CREST sponsors to do this.

16. I hold my Existing Ordinary Shares in certificated form. When will I receive my new share certificate?

It is expected that Computershare Investor Services plc will post all new share certificates within 14 days of Admission.

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

If you bought your Ordinary Shares after the Open Offer Record Date, you are unlikely to be able to participate in the Open Offer in respect of such Ordinary Shares.

18. Will I be taxed if I take up my entitlements?

Shareholders who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer, or who are subject to tax in any jurisdiction other than the United Kingdom, should immediately consult a suitable professional adviser.

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

Your ability to apply to acquire Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement. Shareholders with registered addresses or who are located in the United States or any other Restricted Jurisdiction are not eligible to participate in the Open Offer. Your attention is drawn to the information in paragraph 6 of Part IV: "Terms and Conditions of the Open Offer" of this document.

20. Further assistance

Should you require further assistance please contact Computershare Investor Services plc, Corporate Actions Projects, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY, or you can contact them on 0370 707 4040 from within the UK or +44 (0)370 707 4040 if calling from outside the UK. Lines are open between 8.30 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Fundraising nor give any financial, legal or tax advice.

PART VIII

TERMS AND CONDITIONS OF THE OPEN OFFER

Introduction

As explained in the letter from the Chairman set out in Part I of this document, the Company is proposing to raise up to £6.27 million (before expenses) (assuming full take up of the Open Offer but being less than the €8 million maximum amount permitted without requiring the publication by the Company of a prospectus under the Prospectus Rules) in addition and separate to the funds raised pursuant to the Placing, through the issue of Open Offer Shares to Qualifying Shareholders at the Issue Price.

The Issue Price represents a premium of 53 per cent. to the closing middle market price of 1.08 pence per Ordinary Share on 25 July 2019, being the last practicable date prior to the announcement of the Fundraising, and a premium of 18 per cent. to the average price during the 90 trading days prior to 25 July 2019 of 1.4 pence per Ordinary Share.

The purpose of this Part VIII is to set out the terms and conditions of the Open Offer. Up to 380,500,174 Open Offer Shares will be issued through the Open Offer. Qualifying Shareholders are being offered the right to subscribe for Open Offer Shares in accordance with the terms of the Open Offer. The Open Offer has not been underwritten.

The Record Date for entitlements under the Open Offer for Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders is 12 March 2020. Qualifying Non-CREST Shareholders will have received Application Forms with this document and Open Offer Entitlements are expected to be credited to stock accounts of Qualifying CREST Shareholders in CREST by 3.00 p.m. on 16 March.

Subject to availability, the Excess Application Facility will enable Qualifying Shareholders to apply for Excess Shares.

The latest time and date for receipt of a completed Application Form and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is 11.00 a.m. on 31 March 2020 with Admission and commencement of dealings in Open Offer Shares expected to take place at 8.00 a.m. on 2 April 2020.

This document and, for Qualifying Non-CREST Shareholders only, the Application Form contains the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 3 of this Part VII, which gives details of the procedure for application and payment for the Open Offer Shares and any Excess Shares applied for pursuant to the Excess Application Facility.

The Open Offer Shares will, when issued and fully paid, rank equally in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.

The Open Offer is an opportunity for Qualifying Shareholders to apply for up to 380,500,174 Open Offer Shares *pro rata* (excepting fractional entitlements) to their current holdings at the Issue Price in accordance with the terms of the Open Offer.

Qualifying Shareholders are also being offered the opportunity to apply for additional Open Offer Shares in excess of their Open Offer Entitlement to the extent that other Qualifying Shareholders do not take up their Open Offer Entitlement in full. The Excess Application Facility enables Qualifying Shareholders to apply for Excess Shares in excess of their Open Offer Entitlement as at the Record Date.

Any Qualifying Shareholder who has sold or transferred all or part of his/her registered holding(s) of Ordinary Shares prior to the Ex-entitlement Date is advised to consult his or her stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him/her by the purchasers under the rules of the London Stock Exchange.

1. The Open Offer

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, in the Application Form), Qualifying Shareholders are hereby invited to apply for Open Offer Shares at the Issue Price, payable in full in cash on application, free of all expenses, on the basis of:

(a) Two Open Offer Shares for every 5 Existing Ordinary Shares held by Qualifying Shareholders at the Record Date and so in proportion for any other number of Ordinary Shares then held; and

(b) further Open Offer Shares in excess of the Open Offer Entitlement through the Excess Application Facility (although such Open Offer Shares will only be allotted to the extent that not all Qualifying Shareholders apply for their Open Offer Entitlement in full).

Entitlements under the Open Offer will be rounded down to the nearest whole number of Open Offer Shares, with fractional entitlements being aggregated and made available under the Excess Application Facility.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer, as will holdings under different designations and in different accounts.

If you are a Qualifying Non-CREST Shareholder, the Application Form shows the number of Existing Ordinary Shares registered in your name on the Record Date (in Box 6) and your Open Offer Entitlements (in Box 7).

If you are a Qualifying CREST Shareholder, application will be made for your Open Offer Entitlement and Excess CREST Open Offer Entitlement to be credited to your CREST account. Open Offer Entitlements and Excess CREST Open Offer Entitlements are expected to be credited to CREST accounts on 3.00 p.m. on 16 March. The Existing Ordinary Shares are already admitted to CREST. Accordingly, no further application for admission to CREST is required for the New Ordinary Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

Subject to availability, the Excess Application Facility will enable Qualifying Shareholders, provided they have taken up their Open Offer Entitlement in full, to apply for further Open Offer Shares in excess of their Open Offer Entitlement. Qualifying CREST Shareholders will have their Open Offer Entitlement and Excess CREST Open Offer Entitlement credited to their stock accounts in CREST and should refer to paragraph 3.2 of this Part VIII for information on the relevant CREST procedures and further details on the Excess Application Facility. Qualifying CREST Shareholders can also refer to the CREST Manual for further information on the relevant CREST procedures.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all.

Please refer to paragraphs 3.1(f) and 3.2(k) of this Part VIII for further details of the Excess Application Facility.

In the event that the Open Offer is not fully subscribed, the Directors and the Proposed Directors reserve the right to place the balance of the Open Offer Shares, pursuant to the Placing Option, at not less than the Issue Price, in order to raise up to the maximum proceeds under the Open Offer.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. Qualifying Non-CREST Shareholders should also note that their respective Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited through CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim raised by Euroclear's Claims Processing Unit. Open Offer Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer. Any Open Offer Shares which are

not applied for by Qualifying Shareholders under the Open Offer will not be issued by the Company as the Open Offer is not underwritten.

The attention of Overseas Shareholders is drawn to paragraph 6 of this Part VIII.

The Open Offer Shares will, when issued and fully paid, rank in full for all dividends and other distributions declared, made or paid after the date of this document and otherwise *pari passu* in all respects with the Existing Ordinary Shares. The Open Offer Shares are not being made available in whole or in part to the public except under the terms of the Open Offer.

2. Conditions and further terms of the Open Offer

The Open Offer is conditional on the Placing becoming or being declared unconditional in all respects and not being terminated before Admission. The principal conditions to the Placing are:

(a) the passing of the Resolutions without amendment at the Extraordinary General Meeting;

(b) the Placing Agreement having become unconditional (save for Admission) and not having been terminated in accordance with its terms prior to Admission; and

(c) Admission becoming effective by no later than 8.00 a.m. on 2 April 2020 (or such later date as Investec, VSA Capital and the Company may agree, being not later than 8.00 a.m. on 2 May 2020).

Accordingly, if these conditions are not satisfied or waived (where capable of waiver), the Open Offer will not proceed and any applications made by Qualifying Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter.

Any Open Offer Entitlements admitted to CREST will thereafter be disabled.

No temporary documents of title will be issued in respect of Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up are expected to be posted to those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in certificated form within 14 days of Admission.

In respect of those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their stock accounts maintained in CREST by 2 April 2020.

Applications will be made for the Open Offer Shares to be admitted to trading on AIM. Admission is expected to occur on 2 April 2020, when dealings in the Open Offer Shares are expected to begin.

If for any reason it becomes necessary to adjust the expected timetable as set out in this document, the Company will notify the London Stock Exchange and make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

3. Procedure for application and payment

The action to be taken by you in respect of the Open Offer depends on whether, at the relevant time, you are sent an Application Form in respect of your Open Offer Entitlement under the Open Offer or your Open Offer Entitlement and Excess CREST Open Offer Entitlement is credited to your CREST stock account. Qualifying Shareholders who hold all or part of their Existing Ordinary Shares in certificated form should have received the Application Form, enclosed with this document. The Application Form shows the number of Existing Ordinary Shares held at the Record Date. It will also show Qualifying Shareholders their Open Offer Entitlement that can be allotted in certificated form. Qualifying Shareholders who hold all their Existing Ordinary Shares in CREST will be allotted Open Offer Shares in CREST. Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 3.2(f) of this Part VIII.

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements and Excess CREST Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

Qualifying Shareholders who do not want to apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form, or send a USE message through CREST.

3.1 ***If you have received an Application Form in respect of your Open Offer Entitlement under the Open Offer:***

(a) *General*

Subject to paragraph 6 of this Part VIII in relation to Overseas Shareholders, Qualifying Non-CREST Shareholders will receive an Application Form. The Application Form shows the number of Existing Ordinary Shares registered in their name on the Record Date in Box 6. It also shows the Open Offer Entitlement allocated to them set out in Box 7. Entitlements to Open Offer Shares are rounded down to the nearest whole number and any fractional entitlements to Open Offer Shares will be aggregated and made available under the Excess Application Facility. Box 8 shows how much they would need to pay if they wish to take up their Open Offer Entitlement in full. Qualifying Non-CREST Shareholders may apply for less than their entitlement should they wish to do so. Qualifying Non-CREST Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim.

Under the Excess Application Facility, provided they have agreed to take up their Open Offer Entitlement in full, Qualifying Non-CREST Shareholders may apply for more than the amount of their Open Offer Entitlement should they wish to do so. The Excess Application Facility enables Qualifying Shareholders to apply for Excess Shares in excess of their Open Offer Entitlement at the Record Date. The Excess Shares will be scaled back pro-rata to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all.

The instructions and other terms set out in the Application Form form part of the terms of the Open Offer in relation to Qualifying Non-CREST Shareholders.

(b) *Bona fide market claims*

Applications to acquire Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked "ex" the entitlement to participate in the Open Offer. Application Forms may not be sold, assigned, transferred or split, except to satisfy *bona fide* market claims up to 11.00 a.m. on 31 March 2020. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary Shares were marked "ex" the entitlement to participate in the Open Offer, should contact his broker or other professional adviser authorised under FSMA through whom the sale or purchase was effected as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the purchaser(s) or transferee(s).

Qualifying Non-CREST Shareholders who have sold all or part of their registered holding should, if the market claim is to be settled outside CREST, complete Box 10 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Application Form should not, however, be forwarded to or transmitted in or into the

United States or any Restricted Jurisdiction, nor in or into any other jurisdiction where the extension of the Open Offer would breach any applicable law or regulation. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedure set out in paragraph 3.2 of this Part VIII below.

(c) *Application procedures*

Qualifying Non-CREST Shareholders wishing to apply to acquire Open Offer Shares (whether in respect of all or part of their Open Offer Entitlement or in addition to their Open Offer Entitlement under the Excess Application Facility) should complete the Application Form in accordance with the instructions printed on it. Qualifying Non-CREST Shareholders may only apply for Excess Shares if they have agreed to take up their Open Offer Entitlements in full.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications will be scaled back pro rata to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all.

Completed Application Forms should be returned by post to Computershare Investor Services plc, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY or by hand to Computershare Investor Services plc, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY by no later than 11.00 a.m. on 31 March 2020. The Company reserves the right to treat any application not strictly complying with the terms and conditions of application as nevertheless valid. The Company further reserves the right (but shall not be obliged) to accept either Application Forms or remittances received after 11.00 a.m. on 31 March 2020.

Qualifying Non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. Multiple applications will not be accepted. If an Application Form is being sent by first-class post in the UK, Qualifying Shareholders are recommended to allow at least four Business Days for delivery. The Company may in its sole discretion, but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) to accept either:

(i) Application Forms received after 11.00 a.m. on 31 March 2020; or

(ii) Applications in respect of which remittances are received before 11.00 a.m. on 31 March 2020 from authorised persons (as defined in FSMA) specifying the Open Offer Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days.

All documents and remittances sent by post by, to, from or on behalf of an applicant (or as the applicant may direct) will be sent entirely at the applicant's own risk.

(d) *Payments*

All payments must be in pounds sterling and made by cheque made payable to CIS plc re: redT energy plc Open Offer Account and crossed "A/C Payee Only". Cheques must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must

be for the full amount payable on application. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted details of the name of the account holder and have either added the building society or bank branch stamp or have provided a supporting letter confirming the source of funds. The name of the account holder should be the same as the name of the shareholder shown on page 1 of the Open Offer Application Form. Post-dated cheques will not be accepted.

Cheques will be presented for payment upon receipt. The Company reserves the right to instruct Computershare Investor Services to seek special clearance of cheques to allow the Company to obtain value for remittances at the earliest opportunity (and withhold definitive share certificates (or crediting to the relevant member account, as applicable) pending clearance thereof). No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents and/or cheques sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted. If the Open Offer does not become unconditional, no Open Offer Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Open Offer. If Open Offer Shares have already been allotted to a Qualifying Non-Crest Shareholder and such Qualifying Non-Crest Shareholder's cheque is not honoured upon first presentation or such Qualifying Non-Crest Shareholder's application is subsequently otherwise deemed to be invalid, the Registrars shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements, on behalf of the Company, for the sale of such Qualifying Non-Crest Shareholder's Open Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the Registrars, Investec, VSA Capital or the Company nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-Crest Shareholders.

(e) *Incorrect Sums*

If an Application Form encloses a payment for an incorrect sum, the Company through the Registrars reserves the right:

(i) to reject the application in full and return the cheque or refund the payment to the Qualifying Non-CREST Shareholder in question (without interest); or

(ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the Qualifying non-CREST Shareholder in question (without interest), save that any sums of less than £1.00 will be retained for the benefit of the Company; or

(iii) in the case that an excess sum is paid, to treat the application as a valid application for all of the Open Offer Shares referred to in the Application Form, refunding any unutilised sums to the Qualifying Non-CREST Shareholder in question (without interest), save that any sums of less than £1.00 will be retained for the benefit of the Company.

(f) *The Excess Application Facility*

(i) Provided they choose to take up their Open Offer Entitlement in full, the Excess Application Facility enables a Qualifying Non-CREST Shareholder to apply for Excess Shares. Qualifying Non-CREST Shareholders wishing to apply for Excess Shares may do so by completing Box 3 of the Application Form.

(ii) If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, the Excess Shares will be scaled back *pro rata* to the number of

Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all.

(iii) Qualifying Non-CREST Shareholders who wish to apply for Excess Shares must complete the Application Form in accordance with the instructions set out on the Application Form.

(iv) Should the Open Offer become unconditional and applications for Open Offer Shares by Qualifying Shareholders under the Open Offer exceed 380,500,174 Open Offer Shares, resulting in a scale back of applications, each Qualifying Non-CREST Shareholder who has made a valid application for Excess Shares and from whom payment in full for the Excess Shares has been received will receive a pounds sterling amount equal to the number of Excess Shares applied and paid for but not allocated to the relevant Qualifying Non-CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk.

(g) *Effect of valid application*

All documents and remittances sent by post by, to, from, or on behalf of or to an applicant (or as the applicant may direct) will be sent entirely at the applicant's own risk. By completing and delivering an Application Form, the applicant:

(i) represents and warrants to the Company, Investec and VSA Capital that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;

(ii) agrees with the Company, Investec and VSA Capital that all applications under the Open Offer and contracts resulting therefrom, and any non-contractual obligations related thereto, shall be governed by and construed in accordance with the laws of England;

(iii) confirms to the Company, Investec and VSA Capital that in making the application he is not relying on any information or representation in relation to the Company other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all the information in relation to the Company contained in this document (including information incorporated by reference);

(iv) represents and warrants to the Company, Investec and VSA Capital that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlement;

(v) represents and warrants to the Company, Investec and VSA Capital that if he has received some or all of his Open Offer Entitlement from a person other than the Company he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;

(vi) requests that the Open Offer Shares to which he will become entitled be issued to them on the terms set out in this document and the Application Form and subject to the Articles;

(vii) represents and warrants to the Company, Investec and VSA Capital that he is not, nor is he applying on behalf of any person who is, in the United States or is a citizen or resident, or which is a corporation, partnership or other entity created or

organised in or under any laws, of any Restricted Jurisdiction or any other jurisdiction in which the application for Open Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application in the United States or to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any other jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;

(viii) represents and warrants to the Company, Investec and VSA Capital that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in sections 67, 70, 93 or 96 (depositary receipts and clearance services) of the Finance Act 1986; and

(ix) confirms that in making the application he is not relying and has not relied on the Company or VSA Capital or any person affiliated with the Company, or VSA Capital, in connection with any investigation of the accuracy of any information contained in this document or his investment decision.

All enquiries in connection with the procedure for application and completion of the Application Form should be addressed to Computershare Investor Services plc, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY, or you can contact them on 0370 707 4040 from within the UK or +44 (0)370 707 4040 if calling from outside the UK. Lines are open between 8.30 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Fundraising nor give any financial, legal or tax advice.

(h) *Proxy*

Qualifying Non-CREST Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form. However, you are encouraged to vote at the Extraordinary General Meeting by completing and returning the enclosed Proxy Form.

A Qualifying Non-CREST Shareholder who is also a CREST member may elect to receive the Open Offer Shares to which he is entitled in uncertificated form in CREST. Please see paragraph 3.2(f) below for more information.

3.2 ***If you have an Open Offer Entitlement and an Excess CREST Open Offer Entitlement credited to your stock account in CREST in respect of your entitlement under the Open Offer***

(a) *General*

Subject to paragraph 6 of this Part VIII in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlement equal to the maximum number of Open Offer Shares for which he is entitled to apply under the Open Offer together with a credit of Excess CREST Open Offer Entitlements equal to the total number of shares available through the offer. Entitlements to Open Offer Shares will be rounded down to the nearest whole number and any Open Offer Entitlements have therefore also been rounded down. Any fractional entitlements to Open Offer Shares arising will be aggregated and made available under the Excess Application Facility.The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the

Open Offer Entitlements and Excess CREST Open Offer Entitlements have been allocated.

If for any reason Open Offer Entitlements and/or the Excess CREST Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 3.00 p.m. on 16 March 2020, or such later time and/or date as the Company may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlement and Excess CREST Open Offer Entitlement which should have been credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive an Application Form.

CREST members who wish to apply to acquire some or all of their entitlements to Open Offer Shares and their Excess CREST Open Offer Entitlements should refer to the CREST Manual for further information on the CREST procedures referred to below. CREST sponsored members should consult their CREST sponsor if they wish to apply for Open Offer Shares as only their CREST sponsor will be able to take the necessary action to make this application in CREST.

(b) *Market claims*

Each of the Open Offer Entitlements and Excess CREST Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements and Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess CREST Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim transaction. Transactions identified by the CREST Claims Processing Unit as "cum" the Open Offer Entitlement and Excess CREST Open Offer Entitlements will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) will thereafter be transferred accordingly. No market claims will be generated on the Excess CREST Open Offer Entitlement(s).

(c) *Unmatched Stock Event (USE Instructions)*

Qualifying CREST Shareholders who are CREST members and who want to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements and their Excess CREST Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an USE Instruction to Euroclear which, on its settlement, will have the following effect:

(i) the crediting of a stock account of the Registrars under the participant ID and member account ID specified below, with a number of Open Offer Entitlements or Excess CREST Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and

(ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Registrars in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in paragraph (a).

(d) *Content of USE Instruction in respect of Open Offer Entitlements*

The USE Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

(i) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Registrars);

(ii) the ISIN of the Open Offer Entitlement. This is JE00BLDRPZ41;

(iii) the CREST participant ID of the accepting CREST member;

(iv) the CREST member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;

(v) the participant ID of the Registrars in its capacity as a CREST receiving agent. This is 8RA34;

(vi) the member account ID of the Registrars in its capacity as a CREST receiving agent. This is REDTOPEN;

(vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;

(viii) the intended settlement date. This must be on or before 11.00 a.m. on 31 March 2020; and

(ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 31 March 2020.

In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction:

(x) a contact name and telephone number (in the free format shared note field); and

(xi) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 31 March 2020 in order to be valid is 11.00 a.m. on that day.

In the event that the Placing and the Open Offer do not become unconditional by 8.00 a.m. on 2 April 2020 (or such later time and date as the Company, Investec and VSA Capital determine being no later than 8.00 a.m. on 2 May 2020), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Registrars will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

(e) *Content of USE Instruction in respect of Excess CREST Open Offer Entitlements*

The USE Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

(i) the number of Excess Shares for which application is being made (and hence being delivered to the Registrars);

(ii) the ISIN of the Excess CREST Open Offer Entitlement. This is JE00BLDRQ062;

(iii) the CREST participant ID of the accepting CREST member;

(iv) the CREST member account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;

(v) the participant ID of the Registrars in its capacity as a CREST receiving agent. This is 8RA34;

(vi) the member account ID of the Registrars in its capacity as a CREST receiving agent. This is REDTOPEN;

(vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Excess Shares referred to in (i) above;

(viii) the intended settlement date. This must be on or before 11.00 a.m. on 31 March 2020; and

(ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application in respect of an Excess CREST Open Offer Entitlement under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 31 March 2020.

In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction:

(x) a contract name and telephone number (in the free format shared note field); and

(xi) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 31 March 2020 in order to be valid is 11.00 a.m. on that day.

In the event that the Placing and the Open Offer do not become unconditional by 8.00 a.m. on 2 April 2020 (or such later time and date as the Company, Investec and VSA Capital determine being no later than 8.00 a.m. on 2 May 2020), the Open Offer will lapse, the Open Offer Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will be disabled and the Registrars will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

(f) *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim), provided that such Qualifying Non-CREST Shareholder is also a CREST member. Similarly, Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer and entitlement to apply under the Excess Application Facility is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 31 March 2020. After depositing their Open Offer Entitlement into their CREST account, CREST holders will shortly thereafter receive a credit for their Excess CREST Open Offer Entitlement, which will be managed by the Registrars.

In particular, having regard to normal processing times in CREST and on the part of the Registrars, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST, is 11.00 a.m. on 31 March 2020 and the recommended latest time for receipt by Euroclear of a

dematerialised instruction requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST is 11.00 a.m. on 31 March 2020 in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility, as the case may be, prior to 11.00 a.m. on 31 March 2020.

Delivery of an Application Form with the CREST deposit form duly completed, whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Registrars by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed "Instructions for depositing entitlements under the Open Offer into CREST" on page 3 of the Application Form, and a declaration to the Company and the Registrars from the relevant CREST member(s) that it/they is/are not in the United States or citizen(s) or resident(s) of any Restricted Jurisdiction or any other jurisdiction in which the application for New Ordinary Shares is prevented by law and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(g) *Validity of application*

A USE Instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 31 March 2020 will constitute a valid application under the Open Offer.

(h) *CREST procedures and timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE Instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 31 March 2020. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(i) *Proxy*

If a Qualifying CREST Shareholder does not wish to apply for the Open Offer Shares under the Open Offer, they should take no action. They are however, encouraged to vote at the Extraordinary General Meeting by completing and returning the enclosed Proxy Form.

(j) *Incorrect or incomplete applications*

If a USE Instruction includes a CREST payment for an incorrect sum, the Company, through the Registrars, reserves the right:

(i) to reject the application in full and refund the payment to the CREST member in question (without interest);

(ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question (without interest); and

(iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE Instruction, refunding any unutilised sum to the CREST member in question (without interest).

(k) *The Excess Application Facility*

The Excess Application Facility enables Qualifying CREST Shareholders, who have taken up their Open Offer Entitlement in full, to apply for Excess Shares in excess of their Open Offer Entitlement as at the Record Date. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, the Excess Shares will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all. Excess CREST Open Offer Entitlements may not be sold or otherwise transferred. Subject as provided in paragraph 6 of this Part VIII in relation to Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with Excess CREST Open Offer Entitlements to enable applications for Excess Shares to be settled through CREST. Qualifying CREST Shareholders should note that, although the Open Offer Entitlement and the Excess CREST Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities. Neither the Open Offer Entitlement nor the Excess CREST Open Offer Entitlements will be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions above and must not return a paper form and cheque.

Should a transaction be identified by the CREST Claims Processing Unit as "cum" the Open Offer Entitlement and the relevant Open Offer Entitlement(s) be transferred, the Excess CREST Open Offer Entitlements will not transfer with the Open Offer Entitlement(s) claim Should a Qualifying CREST Shareholder require Excess CREST Open Offer Entitlements as a result of a market claim they should contact Computershare Investor Services on 0370 707 4040 with evidence of the market claim. Please note that an additional USE Instruction must be sent in respect of any application under the Excess CREST Open Offer Entitlement.

Should the Open Offer become unconditional and applications for Open Offer Shares by Qualifying Shareholders under the Open Offer exceed 380,500,174 Open Offer Shares, resulting in a scale back of applications under the Excess Application Facility, each Qualifying CREST Shareholder who has made a valid application pursuant to his Excess CREST Open Offer Entitlement, and from whom payment in full for the excess Open Offer Shares has been received, will receive a pounds sterling amount equal to the number of Open Offer Shares validly applied and paid for but which are not allocated to the relevant Qualifying CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable following the completion of the scale back, without payment of interest and at the applicant's sole risk by way of cheque or CREST payment, as appropriate. Fractions of Open Offer Shares will be aggregated and made available under the Excess Application Facility.

All enquiries in connection with the procedure for applications under the Excess Application Facility and Excess CREST Open Offer Entitlements should be addressed to Computershare Investor Services plc, c/o Corporate Actions Projects, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY. Computershare Investor Services can be contacted on 0370 707 4040 from within the UK or +44 (0)370 707 4040 if calling from outside the UK. Lines are open between 8.30 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Fundraising nor give any financial, legal or tax advice.

(l) *Effect of valid application*

A CREST member who makes or is treated as making a valid application for some or all of his *pro rata* entitlement to Open Offer Shares in accordance with the above procedures hereby:

(i) represents and warrants to the Company, Investec and VSA Capital that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;

(ii) agrees to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Registrars' payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);

(iii) agrees with the Company, Investec and VSA Capital that all applications under the Open Offer and contracts resulting therefrom, and any non-contractual obligations related thereto, shall be governed by, and construed in accordance with, the laws of England;

(iv) confirms to the Company, Investec and VSA Capital that in making the application he is not relying on any information or representation in relation to the Company other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all the information in relation to the Company contained in this document (including information incorporated by reference);

(v) represents and warrants to the Company, Investec and VSA Capital that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements;

(vi) represents and warrants to the Company, Investec and VSA Capital that if he has received some or all of his Open Offer Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlement by virtue of a *bona fide* market claim;

(vii) requests that the Open Offer Shares to which he will become entitled be issued to them on the terms set out in this document and subject to the Articles;

(A) represents and warrants to the Company, Investec and VSA Capital that he is not, nor is he applying on behalf of any Shareholder who is, in the United States or is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction or any other jurisdiction in which the application for Open Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application in the United States or to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any other jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer; represents and warrants to the Company, Investec and VSA Capital that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve

Tax Regulations 1986 at any of the increased rates referred to in sections 67, 70, 93 or 96 (depositary receipts and clearance services) of the Finance Act 1986; and confirms that in making the application he is not relying and has not relied on the Company or VSA Capital or any person affiliated with the Company, or VSA Capital, in connection with any investigation of the accuracy of any information contained in this document or his investment decision.

(m) *Company's discretion as to the rejection and validity of applications*

The Company may in its sole discretion, but shall not be obliged to:

(i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part VIII;

(ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;

(iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the "**first instruction**") as not constituting a valid application if, at the time at which the Registrars receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Registrars has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and

(iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE Instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Registrars in connection with CREST.

(n) *Lapse of the Open Offer*

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 2 April 2020 or such later time and date as the Company, Investec and VSA Capital determine (being no later than 8.00 a.m. on 2 May 2020), the Open Offer will lapse, the Open Offer Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will be disabled and the Registrars will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

4. Money Laundering Regulations

4.1 ***Holders of Application Forms***

To ensure compliance with the Money Laundering Regulations, Computershare Investor Services may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the "**verification of identity requirements**"). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Registrars. In such case, the lodging agent's stamp should be inserted on the Application Form.

The person lodging the Application Form with payment and in accordance with the other terms as described above (the "**acceptor**"), including any person who appears to Computershare Investor Services to be acting on behalf of some other person, accepts the Open Offer in respect of such number of Open Offer Shares as is referred to therein (for the purposes of this paragraph 4 the "**relevant Open Offer Shares**") and shall thereby be deemed to agree to provide Computershare Investor Services with such information and other evidence as they may require to satisfy the verification of identity requirements.

If Computershare Investor Services determines that the verification of identity requirements apply to any acceptor or application, the relevant Open Offer Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. Computershare Investor Services is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither Computershare Investor Services nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, Computershare Investor Services has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque was drawn.

Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company, Computershare Investor Services and VSA Capital from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

The verification of identity requirements will not usually apply:

(a) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on prevention of the use of the financial system for the purpose of money laundering or terrorist financing (no. 2015/849/EU);

(b) if the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;

(c) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or

(d) if the aggregate subscription price for the Open Offer Shares is less than €15,000.

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

(a) if payment is made by cheque in sterling drawn on a branch in the United Kingdom of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques should be made payable to CIS plc re: redT energy plc Open Offer Account in respect of an application by a Qualifying Shareholder and crossed "A/C Payee Only". Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted details of the name of the account holder and have either added the building society or bank branch stamp or have provided a supporting letter confirming the source of funds. The name of the account holder should be the same as the name of the shareholder shown on page 1 of the Open Offer Application Form; or

(b) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in paragraph 4.1.1 above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force, the agent

should provide with the Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Registrars. If the agent is not such an organisation, it should contact Computershare Investor Services, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY.

To confirm the acceptability of any written assurance referred to in (b) above, or in any other case, the acceptor should contact Computershare Investor Services on 0370 707 4040 from within the UK or +44 (0)370 707 4040 if calling from outside the UK. Lines are open between 8.30 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Fundraising nor give any financial, legal or tax advice.

If the Application Form(s) is/are in respect of Open Offer Shares and is/are lodged by hand by the acceptor in person, or if the Application Form(s) in respect of Open Offer Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 31 March 2020, Computershare Investor Services has not received evidence satisfactory to it as aforesaid, Computershare Investor Services may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the payee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

4.2 ***Open Offer Entitlements in CREST***

If you hold your Open Offer Entitlement and Excess CREST Open Offer Entitlement in CREST and apply for Open Offer Shares in respect of some or all of your Open Offer Entitlement and Excess CREST Open Offer Entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, Computershare Investor Services is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact Computershare Investor Services before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE Instruction, which on its settlement constitutes a valid application as described above, constitutes a warranty and undertaking by the applicant to provide promptly to Computershare Investor Services such information as may be specified by Computershare Investor Services as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to Computershare Investor Services as to identity, Computershare Investor Services may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE Instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

5. Admission, settlement and dealings

The result of the Open Offer is expected to be announced on 1 April 2020. Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to trading on AIM. Subject to the Open Offer becoming unconditional in all respects (save only as to Admission), it is expected that Admission will become effective and that dealings in the Open Offer Shares, fully paid, will commence at 8.00 a.m. on 2 April 2020.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the New Ordinary Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 31 March 2020 (the latest date for applications under the Open Offer). If the condition(s) to the Open Offer described above are satisfied, New Ordinary Shares will be issued in uncertificated form to those persons who submitted a valid application for New Ordinary Shares by utilising the CREST application procedures and whose applications have been accepted by the Company.

On 1 April 2020, the Registrars will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Admission. The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE Instruction was given. Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements and Excess CREST Open Offer Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Registrars in connection with CREST.

No temporary documents of title will be issued, and transfers will be certified against the Jersey share register of the Company. All documents or remittances sent by, to, from or on behalf of applicants, or as they may direct, will (in the latter case) be sent through the post and will (in both cases) be at the risk of the applicant.

For more information as to the procedure for application, Qualifying Non-CREST Shareholders are referred to paragraph 3.1 above and their respective Application Form.

6. Overseas Shareholders

The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

6.1 *General*

The distribution of this document and the making or acceptance of the Open Offer to or by persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom, may be affected by the laws or regulatory requirements of the relevant jurisdictions. It is the responsibility of those persons to consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer.

No action has been or will be taken by the Company, Investec, VSA Capital, or any other person, to permit a public offering or distribution of this document (or any other offering or publicity materials or application form(s) relating to the Open Offer Shares) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom. Receipt of this document and/or an Application Form and/or a credit of an Open Offer Entitlement or an Excess CREST Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in whose jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

Application Forms will not be sent to, and Open Offer Entitlements and Excess CREST Open Offer Entitlements will not be credited to stock accounts in CREST of, persons with registered addresses in the United States or a Restricted Jurisdiction or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for Open Offer Shares under the Open Offer to satisfy themselves as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

None of the Company, Investec and VSA Capital nor any of their respective representatives is making any representation or warranty to any offeree or purchaser of the Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements or Excess CREST Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for Open Offer Shares in respect of the Open Offer unless the Company, Investec and VSA Capital determine that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Application Form and/or transfers Open Offer Entitlements or Excess CREST Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part VIII and specifically the contents of this paragraph 6.

The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or despatched from the United States or a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any other jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Open Offer Shares or in the case of a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be, in the United States or a Restricted Jurisdiction or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

Notwithstanding any other provision of this document or the relevant Application Form, the Company, Investec and VSA Capital reserve the right to permit any person to apply for Open Offer Shares in respect of the Open Offer if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in sterling denominated cheques or where such Overseas

Shareholder is a Qualifying CREST Shareholder, through CREST. Due to restrictions under the securities laws of the United States and the Restricted Jurisdictions, and subject to certain exceptions, Qualifying Shareholders in the United States or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements. No public offer of Open Offer Shares is being made by virtue of this document or the Application Forms into the United States or any Restricted Jurisdiction.

Receipt of this document and/or an Application Form and/or a credit of an Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

6.2 ***United States***

The Open Offer Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, may not be offered or sold, re-sold, taken up, transferred, delivered or distributed, directly or indirectly, within the United States except in reliance on an exemption from the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Company is not extending the Open Offer into the United States and neither this Document nor the Application Form constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any Open Offer Shares in the United States. Neither this document nor an Application Form will be sent to, and no Open Offer Shares will be credited to a stock account in CREST of, any shareholder with a registered address in the United States. Application Forms sent from or postmarked in the United States will be deemed to be invalid and all persons acquiring Open Offer Shares and wishing to hold such Open Offer Shares in registered form must provide an address for registration of the New Ordinary Shares issued upon exercise thereof outside the United States.

Any person who acquires Open Offer Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this document or the Application Form and delivery of the Open Offer Shares, that they are not, and that at the time of acquiring the Open Offer Shares they will not be, in the United States or acting on behalf of, or for the account or benefit of a person on a non-discretionary basis in the United States or any state of the United States.

The Company reserves the right to treat as invalid any Application Form that appears to the Company or its agents to have been executed in, or despatched from, the United States, or that provides an address in the United States for the receipt of Open Offer Shares, or which does not make the warranty set out in the Application Form to the effect that the person completing the Application Form does not have a registered address and is not otherwise located in the United States and is not acquiring the Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares in the United States or where the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements.

The Company will not be bound to allot or issue any Open Offer Shares to any person with an address in, or who is otherwise located in, the United States in whose favour an Application Form or any Open Offer Shares may be transferred. In addition, the Company, and VSA Capital reserve the right to reject any USE Instruction sent by or on behalf of any CREST member with a registered address in the United States in respect of the Open Offer Shares. In addition, until 45 days after the commencement of the Open Offer, an offer, sale or transfer of the Open Offer Shares within the United States by a dealer (whether or not participating in the Open Offer) may violate the registration requirements of the US Securities Act.

6.3 ***Restricted Jurisdictions***

Due to restrictions under the securities laws of the other Restricted Jurisdictions and subject to certain exemptions, Shareholders who have registered addresses in, or who are resident or

ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements or Excess CREST Open Offer Entitlements. The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

No offer or invitation to apply for Open Offer Shares is being made by virtue of this document or the Application Form into any Restricted Jurisdiction.

6.4 ***Other overseas territories***

Application Forms will be sent to Qualifying Non-CREST Shareholders and Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than the United States or the Restricted Jurisdictions may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and the Application Form. Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the United Kingdom should, however, consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any Open Offer Shares in respect of the Open Offer.

6.5 ***Representations and warranties relating to Overseas Shareholders***

(a) *Qualifying Non-CREST Shareholders*

Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company, Investec, VSA Capital and the Registrars that: (i) such person is not, and that at the time of acquiring the Open Offer Shares it will not be, in the United States; (ii) such person is not requesting registration of the relevant Open Offer Shares from within the United States or any Restricted Jurisdiction; (iii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares in respect of the Open Offer or to use the Application Form in any manner in which such person has used or will use it; (iv) such person is not acting on a non-discretionary basis for a person located within any Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept was given; and (v) such person is not acquiring Open Offer Shares with a view to offer, sale, resale, transfer, deliver or distribute, directly or indirectly, any such Open Offer Shares into the United States or any other Restricted Jurisdiction. The Company and/or the Registrars may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed, effected or despatched from the United States or a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or (ii) provides an address in the United States or a Restricted Jurisdiction for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates); or (iii) purports to exclude the warranty required by this sub-paragraph 6.5(a).

(b) *Qualifying CREST Shareholders*

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part VIII represents and warrants to the Company, Investec, VSA Capital and the Registrars that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not, and that at the time of acquiring the Open Offer Shares it will not be, within the United States or any Restricted Jurisdiction; (ii) such person is not in any territory in which it is

unlawful to make or accept an offer to acquire Open Offer Shares; (iii) such person is not accepting on a non-discretionary basis for a person located within any Restricted Jurisdiction (except as otherwise agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not acquiring any Open Offer Shares with a view the offer, sale, resale, transfer, delivery or distribute, directly or indirectly, any such Open Offer Shares into the United States or any other Restricted Jurisdiction.

6.6 ***Waiver***

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

7. Times and dates

The Company shall, in agreement with VSA Capital and after consultation with its financial and legal advisers, be entitled to amend the dates that Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall notify the London Stock Exchange, and make an announcement on a Regulatory Information Service, but Qualifying Shareholders may not receive any further written communication.

If a supplementary circular is issued by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this document, the latest date for acceptance under the Open Offer shall be extended to the date that is three Business Days after the date of issue of the supplementary circular (and the dates and times of principal events due to take place following such date shall be extended accordingly).

8. Taxation

Shareholders who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer, or who are subject to tax in any jurisdiction other than the United Kingdom, should immediately consult a suitable professional adviser.

9. Further information

Your attention is drawn to the further information set out in this document and also, in the case of Qualifying Non-CREST Shareholders and other Qualifying Shareholders to whom the Company has sent Application Forms, to the terms, conditions and other information printed on the accompanying Application Form.

10. Governing law and jurisdiction

The terms and conditions of the Open Offer as set out in this document, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, English law.

The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document or the Application Form. By taking up Open Offer Shares, by way of their Open Offer Entitlement and the Excess Application Facility (as applicable), in accordance with the instructions set out in this document and, where applicable, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

NOTICE OF EXTRAORDINARY GENERAL MEETING

redT energy plc

(incorporated and registered in Jersey under the Companies (Jersey) Law 1991 with registered no: 92432)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting of redT energy plc (the "**Company**") will be held at the offices of Osborne Clarke LLP, One London Wall, London EC2Y 5EB at 11.00 a.m. on 1 April 2020 to consider and, if thought fit, to pass the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. THAT the proposed acquisition by the Company of the entire issued share capital of Avalon Battery Corporation pursuant to a share purchase agreement dated 13 March 2020 and entered into between: (1) the Avalon Shareholders as the sellers; and (2) the Company as purchaser (the "**Acquisition Agreement**") on the terms summarised in the admission document of the Company dated 13 March 2020 (the "**Admission Document**"), be and is hereby approved in accordance with Rule 14 of the AIM Rules for Companies and the directors of the Company (or a duly constituted committee thereof) be and are hereby authorised to cause the Acquisition Agreement and all documents and matters provided in any of them and related to any of them to be completed and at their discretion to amend, waive, vary and/or extend any of the terms of the Acquisition Agreement and/or any other document referred to in any of them or connected with any of them in whatever way they consider to be necessary or desirable, and to do all such things as they may consider necessary, expedient or appropriate (provided that any modifications to the Acquisition Agreement or other documents are not material modifications in the context of the proposed transaction as a whole).

2. THAT conditional on completion of the Acquisition Agreement, the redT energy 2018 Employee Share Option Plan be modified by the addition of a sub-plan permitting the grant of incentive stock options and non-statutory stock options to employees of the Group who are in the United States, the aggregate number of shares available for issuance as incentive stock options thereunder shall not exceed 5 million consolidated shares ("**US Employee Sub-Plan**") (the modified plan being as summarised in paragraph 9.1 of Part VI of the Admission Document and in the form produced in draft to the meeting and for the purpose of identification initialled by the Chairman of the meeting) and the directors of the Company be and are hereby authorised to do all such things as may be necessary or desirable to carry the US Employee Sub-Plan into effect, including making any changes to the US Employee Sub-Plan which are necessary or desirable to comply with the relevant provisions of the United States Internal Revenue Code of 1986.

3. THAT conditional on completion of the Acquisition Agreement, the redT energy 2018 Consultant Share Option Plan be modified by the addition of a sub-plan permitting the grant of non-statutory stock options to consultants to the Group who are in the United States ("**US Consultant Sub-Plan**") (the modified plan being as summarised in paragraph 9.2 of Part VI of the Admission Document and in the form produced in draft to the meeting and for the purpose of identification initialled by the Chairman of the meeting) and the directors of the Company be and are hereby authorised to do all such things as may be necessary or desirable to carry the US Consultant Sub-Plan into effect, including making any changes to the US Consultant Sub-Plan which are necessary or desirable to comply with the relevant provisions of the United States Internal Revenue Code of 1986.

SPECIAL RESOLUTIONS

4. THAT the directors be and they are hereby empowered to allot and issue equity securities as if the pre-emption provisions relating to, inter alia, the allotment of shares in the capital of the

Company contained in the Articles did not apply to any such allotment provided that this power shall be limited to the allotment and issue of equity securities up to:

(a) 1,735,397,545 new Ordinary Shares to be allotted and issued to the sellers of each of the shares in Avalon Battery Corporation ("**Avalon**") as consideration for their shares in Avalon;

(b) a maximum number of 479,363,212 new Ordinary Shares to raise £7.9 million before expenses by means of a Placing (as defined in the admission document of the Company dated 13 March 2020 (the "**Admission Document**"));

(c) a maximum number of 297,978,107 new Ordinary Shares as Conversion Shares (as defined in the Admission Document);

(d) a maximum number of 380,500,174 new Ordinary Shares, to raise approximately £6.28 million on the basis of 2 new Ordinary Shares for every 5 Existing Ordinary Shares held on the Record Date, by means of an Open Offer; and

(e) a general authority to allot 600,000,000 new Ordinary Shares for conversion of warrants granted under the Riverfort Facility, the commitment fee of the Riverfort Facility, options under the Share Schemes, and conversion of certain expenses of the Placing to Ordinary Shares.

5. THAT upon the passing of this special resolution, the name of the Company be changed to Invinity Energy Systems plc.

6. THAT the Company's memorandum of association shall be deleted and replaced with a revised memorandum of association in the form attached at Schedule 1 hereto.

7. THAT:

(a) at 6.00 p.m. on 1 April 2020, following the issue of the New Ordinary Shares, the Company's memorandum of association be deleted and replaced with a revised memorandum of association in the form attached at Schedule 2;

(b) at 6.00 p.m. on 1 April 2020 every 50 Ordinary Shares of €0.01 each in the capital of the Company in issue at 6.00 p.m. on 1 April 2020 be consolidated into one Consolidated Ordinary Share of €0.50 each in the capital of the Company, having the same rights as the Existing Ordinary Shares as set out in the Articles; and

(c) in the event that, at 6.00 p.m. on 1 April 2020 any shareholder holds a number of shares in the Company that are not a multiple of 50 Ordinary shares, such number of shares that do not form a multiple of 50 Ordinary Shares shall be consolidated into a fraction of a Consolidated Ordinary Share of €0.50.

8. THAT:

(a) the resolutions herein, when duly passed, are valid, effective and binding on the Company and were properly proposed by the directors of the Company, notwithstanding that the directors have not complied with Article 2.13.3 of the Articles; and

(b) the authority granted by these ordinary and special resolutions are in addition to all subsisting authorities conferred to the extent unused.

Dated: 13 March 2020

Registered Office:

3rd Floor
Standard Bank House
47-49 La Motte Street
St Helier, Jersey
JE2 4SZ

By order of the Board

Company Secretary:
Oak Secretaries (Jersey) Limited

Notes to resolutions

1. Resolution 2 – Modifications to the redT energy 2018 Employee Share Option Plan to establish sub-plans to grant incentives to US employees

The Company proposes to modify the redT energy 2018 Employee Share Option Plan ("**Employee Share Plan**") to enable the award of Incentive Stock Options and Non Statutory Stock Options to employees of the Group who are in the United States ("**US Employee Sub-Plan**").

In compliance with the relevant provisions of the United States Internal Revenue Code of 1986 ("**US Code**"), the US Employee Sub-Plan would need approval of the shareholders of the Company.

The rules of the Employee Share Plan shall apply to the US Employee Sub-Plan subject to any modifications necessary to meet the requirements of the US Code. Options under the US Employee Sub-Plan may only be granted to employees of the Company or a company or other entity that, directly or through one or more intermediaries, controls, is controlled by or under the common control with the Company. The terms of the options to be granted under the US Employee Sub-Plan will be determined by the Remuneration Committee.

The total number of Shares over which Incentive Stock Options may be granted is 5 million.

Shares used to satisfy options granted under the US Employee Sub-Plan will be taken into account for the purposes of calculating the 10% dilution limit as set out in the company's share option plans except in the case of options granted by the Company in substitution of options originally granted under the Avalon Battery Corporation 2013 Equity Incentive Plan.

A summary of the Employee Share Plan (as modified) is contained in paragraph 9.1 of Part VI of the Admission Document. The rules of the Employee Share Plan (as modified) will be available for inspection during normal business hours on Monday to Friday (excluding bank holidays) at the Company's registered office from the date of this document until the close of the general meeting and at the place of the general meeting for at least 15 minutes before the general meeting and during the meeting.

Resolution 2 will be proposed as an ordinary resolution.

2. Resolution 3 – Modifications to the redT energy 2018 Consultant Share Option Plan to establish a sub-plan to grant incentives to US consultants

The Company proposes to modify the redT energy 2018 Consultant Share Option Plan ("**Consultant Share Plan**") to enable the award of Non Statutory Stock Options to consultants to the Group who are in the United States ("**US Consultant Sub-Plan**"), a copy of which is attached.

In compliance with the relevant provisions of the United States Internal Revenue Code of 1986 ("**US Code**"), the US Consultant Sub-Plan would need approval of the shareholders of the Company so that incentives may be provided to US consultants who are resident in California.

The rules of the Consultant Employee Share Plan shall apply to the US Consultant Sub-Plan subject to any modifications necessary to meet the requirements of the US Code. The terms of the options to be granted under the US Consultant Sub-Plan will be determined by the Remuneration Committee.

Shares used to satisfy options granted under the US Consultant Sub-Plan will be taken into account for the purposes of calculating the 10% dilution limit as set out in the company's share option plans except in the case of options granted by the Company in substitution of options originally granted under the Avalon Battery Corporation 2013 Equity Incentive Plan.

A summary of the Consultant Share Plan (as modified) is contained in paragraph 9.2 of Part VI of the Admission Document. The rules of the Consultant Share Plan (as modified) will be available for inspection during normal business hours on Monday to Friday (excluding bank holidays) at the Company's registered office from the date of this document until the close of the general meeting and at the place of the general meeting for at least 15 minutes before the general meeting and during the meeting.

Resolution 3 will be proposed as an ordinary resolution.

3. Resolution 5 – Change of Name

Upon the passing of Resolution 5 the officers of the Company shall be authorised to request the Jersey Financial Services Commission to change the Company's name to Invinity Energy Systems plc. Such change shall take effect when the Registrar of Companies in Jersey issues the Company with a certificate of change of name.

Resolution 5 will be proposed as a special resolution.

4. Resolution 7 – Consolidation of Shares

In the event that, at 6.00 p.m. on 1 April 2020 any shareholder holds a number of shares in the Company that are not a multiple of 50 Ordinary shares, such number of shares that do not form a multiple of 50 Ordinary Shares shall be consolidated into a fraction of a Consolidated Ordinary Share of €0.50.

By way of example only, if a shareholder holds 55 Ordinary Shares at 6.00 p.m. on 1 April 2020 then he or she shall receive 1.1 Consolidated Ordinary Shares of €0.50.

Resolution 7 will be proposed as a special resolution.

Notes to the Notice of Extraordinary General Meeting:

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at an extraordinary general meeting of the Company. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

2. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes to the form of proxy. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares.

3. Pursuant to Article 40 of the Companies (Uncertificated Securities) (Jersey) Order 1999, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the register of members of the Company at close of business on the day which is two days before the day of the meeting. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

4. As at the date of this notice of extraordinary general meeting the Company's issued share capital comprised 951,250,436 ordinary shares of €0.01 each. Each share carries one vote.

5. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the meeting. In accordance with the provisions of Article 96 of the Companies (Jersey) Law 1991, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.

6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof 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(s) should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

7. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) by no later than 11.00 a.m. on 30 March 2020. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Article 34 of the Companies (Uncertificated Securities) (Jersey) Order 1999.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

SCHEDULE 1

1ST NEW MEMORANDUM OF ASSOCIATION

(Implemented Upon Passing of Resolution 6)

COMPANIES (JERSEY) LAW 1991

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

REDT ENERGY PLC

1. The name of the company is RedT Energy plc (the "**Company**").

2. The share capital of the Company is €60,000,000 divided into 6,000,000,000 shares of €0.01 par value each.

3. The liability of a member arising from his holding of a share in the Company is limited to the amount (if any) unpaid on it.

4. The Company is a public company.

5. The Company is a par value company.

6. The Company shall have unrestricted corporate capacity.

SCHEDULE 2

2ND NEW MEMORANDUM OF ASSOCIATION

(Implemented immediately after the issue of New Ordinary Shares at 6.00 p.m. on 1 April 2020)

COMPANIES (JERSEY) LAW 1991

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

INVINITY ENERGY SYSTEMS PLC

1. The name of the company is Invinity Energy Systems plc (the "**Company**").
2. The share capital of the Company is €60,000,000 divided into 120,000,000 shares of €0.50 par value each.
3. The liability of a member arising from his holding of a share in the Company is limited to the amount (if any) unpaid on it.
4. The Company is a public company.
5. The Company is a par value company.
6. The Company shall have unrestricted corporate capacity.