

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant, or other professional adviser.

If you have sold or otherwise transferred all of your shares, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

The Offer contained in this document is made only to Qualifying Shareholders and Qualifying Employees and is not capable of acceptance by any other person. Applications in respect of the Offer from persons who are not Qualifying Shareholders or Qualifying Employees will be rejected. This document and the Application Form which accompanies it should be read in their entirety and, in particular, your attention is drawn to the section headed "Risk Factors" on page 5 of the Application Form.

## **TMO Renewables Limited**

*(registered in England and Wales under number 4405622)*

Offer of up to £3 million in nominal amount of Convertible Loan Notes

and

Notice of Annual General Meeting



Notice of the Annual General Meeting of the Company to be held at the offices of Olswang LLP, 90 High Holborn, London WC1V 6XX on 7 November 2011 at 3.00 p.m. is set out on page 11 of this document.

Whether or not you propose to attend the Annual General Meeting, please complete and submit the proxy form in accordance with the instructions printed on the enclosed form. The proxy form must be received not later than 48 hours before the time of the Annual General Meeting.

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## DEFINITIONS

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

<b>"Annual General Meeting"</b>	the annual general meeting of TMO convened for 3.00 p.m. on 7 November 2011 (or any adjournment thereof), notice of which is set out at the end of this document
<b>"Application Form"</b>	the application form in respect of the Offer accompanying this document
<b>"Company" or "TMO"</b>	TMO Renewables Limited (company number 4405622)
<b>"Convertible Loan Notes"</b>	unsecured convertible redeemable loan notes 2013 in the Company
<b>"Group"</b>	the Company and its subsidiaries
<b>"Institutional Applicants"</b>	applicants for Convertible Loan Notes who are qualified investors within the meaning of Section 86 (7) of the Financial Services and Markets Act 2000
<b>"non-Institutional Applicants"</b>	applicants for Convertible Loan Notes who are not Institutional Applicants
<b>"Offer"</b>	the offer made to Qualifying Shareholders and Qualifying Employees to subscribe for up to £3 million in nominal amount of Convertible Loan Notes on the terms and conditions set out in this document and the Application Form
<b>"Ordinary Shares"</b>	ordinary shares of £0.01 each in the capital of the Company
<b>"Proxy Form"</b>	the proxy form for use in connection with the Annual General Meeting accompanying this document
<b>"£" and "p"</b>	respectively pounds and pence sterling, the lawful currency of the United Kingdom
<b>"Qualifying Employees"</b>	persons employed by any member of the Group on the Record Date who are in any jurisdiction in which an offer to sell or invitation to subscribe for the Convertible Loan Notes which are subject to the Offer is not unlawful and does not require the Offer or the Convertible Loan Notes which are subject to it to be approved by, or registered with, any regulatory body
<b>"Qualifying Shareholders"</b>	Shareholders on the register of members of the Company on the Record Date who are in any jurisdiction in which an offer to sell or invitation to subscribe for the Convertible Loan Notes which are subject to the Offer is not unlawful and does not require the Offer or the Convertible Loan Notes which are subject to it to be

approved by, or registered with, any regulatory body

**"Record Date"**

the record date in relation to the Offer, being 6.00 p.m. on 12 October 2011

**"Resolutions"**

resolutions 7 and 8 set out in the notice of the Annual General Meeting at the end of this document

**"Shareholders"**

holders of Ordinary Shares

## EXPECTED TIMETABLE FOR OFFER

Record Date for the Offer	6.00 p.m. on 12 October 2011
Date of this document and posting of Application Forms	14 October 2011
Latest time and date for receipt of completed Application Forms	11.00 a.m. on 7 November 2011
Proposed issue of Convertible Loan Notes	8 November 2011
Posting of certificates for Convertible Loan Notes	by 14 November 2011

Each of the times and dates in the above timetable is subject to change. If any of the above times and/or dates change materially, the revised times and/or dates will be notified to Shareholders by letter. References to time in this document are to London time unless otherwise stated.



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Registered in England No. 4405622

**Directors:**

Timothy Yeo  
Christopher Miller  
Hamish Curran  
Robert Parker  
Peter Allen  
Nick Rodgers  
Dr Steven Martin

14 October 2011

*To holders of Ordinary Shares and, for information only, to Warrantheolders.*

Dear Shareholder and Warrantheolder,

**Proposed Offer to Qualifying Shareholders and Qualifying Employees of up to £3 million in nominal amount of Convertible Loan Notes and Notice of Annual General Meeting**

I am writing to notify you that the Annual General Meeting of the Company will be held on 7 November 2011, to update you on the Company's business and also to inform you of the Directors' plans for a further fundraising.

**Business Update and Background to the Offer**

The Company has continued to develop relationships in the USA, China, Russia and Brazil with the focus remaining on captive feedstocks and, in particular, the application of our technology in the conversion of municipal waste to ethanol. In the USA, we continue to develop our first project with Fiberight. This is now due to move into the procurement phase and our first design fee has been invoiced to the client. You will recall that our business model envisages the collection of design fees based on the capital cost of a project and, thereafter, the continued receipt of royalty payments throughout the life of the project. The first royalties are expected in Q1 2013. Our second client is advancing to project financing and we are supporting their banking case. The objective is to obtain 100% development funding from a Russian state bank for multiple projects within Russia. The first project has been granted planning approval with the site procured and waste contracts entered into. It is anticipated that this client will initiate a total of 17 plants over the next five years.

Relationships are progressing as planned in China, with the activities under the Joint Development Agreements signed with China National Offshore Oil Corp (CNOOC) and with COFCO focussed on cassava as a feedstock. Cassava is an abundant biomass source in South East Asia, Africa and the Americas. We expect to progress to construction agreements in 2012.

The Company is exploring with a number of existing ethanol producers in the USA and in Brazil a proposal to construct a TMO operated bolt-on facility to deliver additional cellulosic ethanol to existing first generation plants. Included in these discussions is the option for the Company to accelerate the project and increase shareholder return by participating in the initial funding of a first plant. This represents an opportunity to open a 600 plant market segment.

We continue to explore funding options, both public and private and, to this end, the Company entered into an agreement with its largest shareholder, Diverso, on 16 September 2011 pursuant to which, *inter alia*, Diverso agreed to procure certain investors to subscribe for up to £6 million in nominal amount of Convertible Loan Notes (the "**Diverso Fundraising**"). This will provide continued funding for the Company through 2012.

The Convertible Loan Notes to be issued in connection with the Diverso Fundraising accrue interest at a rate of 10 per cent. per annum, are redeemable, to the extent not already converted, by the Company on 30 September 2013 and afford Diverso and the investors which have been procured by Diverso rights of conversion in certain specified circumstances (which include a listing of the Company, a pre-listing fundraising of £20 million or more, a sale of all or substantially all of the assets of the Company or a general offer which is made for the entire issued share capital of the Company). The conversion rate is one Ordinary Share for each £0.55 in nominal amount of Convertible Loan Notes which are converted.

#### **Offer to Qualifying Shareholders and Qualifying Employees**

The Company is now looking to raise a further £3 million. Accordingly, Qualifying Shareholders and Qualifying Employees are being given the opportunity to subscribe for up to £3 million in nominal amount of Convertible Loan Notes at par by means of the Offer on the same terms as those issued in connection with the Diverso Fundraising.

A copy of the instrument which will constitute and issue the Convertible Loan Notes that are subject to the Offer is enclosed with this document for your reference.

For regulatory reasons, the Offer to non-Institutional Applicants is being limited to Convertible Loan Notes with an aggregate subscription price of £2.1 million. In the event that non-Institutional Applicants apply for Convertible Loan Notes with an aggregate subscription price which is higher than this limit, the Directors will use their discretion to scale back such applications such that this limit is not exceeded.

In addition, the Offer to Qualifying Shareholders and Qualifying Employees (including all Institutional Applicants and non-Institutional Applicants) is subject to an overall limit of Convertible Loan Notes with an aggregate subscription price of £3 million. In the event that Qualifying Shareholders and Qualifying Employees apply for Convertible Loan Notes with an aggregate subscription price which is higher than this limit, the Directors will use their discretion to scale back such applications such that this limit is not exceeded.

There is no minimum subscription per applicant. Multiple applications may be submitted. Qualifying Shareholders who are joint Shareholders may only apply for Convertible Loan Notes as joint applicants. The Offer is not being underwritten.

An Application Form is enclosed to enable you to participate in the Offer. Your attention is drawn to the Application Form, which sets out further terms and conditions of the Offer and certain risk factors.

**In order to apply for Convertible Loan Notes, Qualifying Shareholders and Qualifying Employees should complete the Application Form, and make payment in full of the subscription money, in accordance with the instructions set out on the Application Form and return it so as to be received no later than 11.00 a.m. on 7 November 2011.**

The Offer is conditional on the following conditions (the "**Conditions**") having been satisfied by no later than 30 November 2011 (the "**Long-stop Date**"): (i) the passing of the Resolutions; and (ii) the Board having resolved to issue the Convertible Loan Notes which are subject to the Offer.

The Offer will close at 11.00 a.m. on 7 November 2011, unless extended.

If the Conditions are not satisfied by the Long-stop Date, subscription monies will be returned to applicants without interest.

### **Notice of Annual General Meeting**

You will find on page 11 of this document a notice of the Annual General Meeting of the Company to be held at the offices of Olswang LLP, 90 High Holborn, London WC1V 6XX on 7 November 2011 at 3 p.m. At the Annual General Meeting shareholders will be asked to approve the resolutions summarised below.

#### ***Resolution 1 – the Company's Report and Accounts***

This resolution is to receive the Company's Report and Accounts for the year ended 31 December 2010.

#### ***Resolutions 2 to 5 – Re-election of directors***

In accordance with the Company's articles of association, each of Timothy Yeo, Robert Parker and Christopher Miller will retire by rotation and will, being eligible, offer himself for re-election. Peter Allen, having been appointed by the Directors rather than at a general meeting of the Company, will also retire and offer himself for re-election. For the purposes of the Company's articles of association, the Directors recommend Peter Allen for re-appointment.

### ***Resolution 6 – Re-appointment of auditors***

This resolution deals with the re-appointment of KPMG LLP as the auditors of the Company until the conclusion of the next Annual General Meeting, and authorises the Directors to set their remuneration.

### ***Resolution 7 - Authority to allot shares***

Paragraph 7.1 of resolution 7 provides for the grant to the Directors of an authority pursuant to Section 551 of the Companies Act 2006 to allot shares in the Company and grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal value of £477,013. This represents, in aggregate (i) the amount required to issue up to £54,546 in nominal amount of Ordinary Shares, assuming full conversion of all £3 million in nominal amount of Convertible Loan Notes which are subject to the Offer; and (ii) approximately one-third of the aggregate nominal value of the issued share capital of the Company.

Paragraph 7.2 of resolution 7 will give the Directors the authority to allot shares in the Company and grant rights to subscribe for or convert any security into shares in the Company in connection with a rights issue up to an additional aggregate nominal value of £422,467. This amount represents approximately an additional one-third of the aggregate nominal value of the issued share capital of the Company.

This authority will be in substitution for all previous authorities (except to the extent already utilised by the time of the passing of this resolution) and will expire at the earlier of the conclusion of the next Annual General Meeting and 15 months from the date on which the resolution is passed.

### ***Resolution 8 - Disapplication of pre-emption rights***

Resolution 8 will empower the Directors to allot equity securities for cash other than pro rata to existing shareholders up to a nominal amount of £181,286, representing in aggregate sufficient authority to allot equity securities equal in nominal value to (i) the amount required to issue up to £54,546 in nominal amount of Ordinary Shares, assuming full conversion of all Convertible Loan Notes which are subject to the Offer; and (ii) approximately ten per cent. of the aggregate nominal value of the issued share capital of the Company.

This authority will be in substitution for all previous powers (except to the extent already utilised by the time of the passing of the resolution) and will expire at the earlier the conclusion of the next Annual General Meeting and 15 months from the date on which the resolution is passed.

### **Recommendation**

The Directors consider that the proposed resolutions are fair and reasonable and in the best interests of the Company and shareholders and therefore unanimously recommend that shareholders vote in favour of the resolutions.

**Form of proxy**

Shareholders are requested to complete and return the proxy form enclosed with this document in accordance with the instructions printed on it and in the notes to the notice of Annual General Meeting **as soon as possible and in any event so as to arrive no later than 11 am on 4 November 2011**, whether or not they intend to attend the Annual General Meeting. The completion and return of a form of proxy will not prevent shareholders from attending the Annual General Meeting and voting in person.

Yours faithfully,

**Timothy Yeo**  
**Chairman**



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Registered in England No. 4405622

## **NOTICE OF ANNUAL GENERAL MEETING**

### **TMO RENEWABLES LIMITED**

**NOTICE IS GIVEN** that the **ANNUAL GENERAL MEETING** of the Company will be held at the offices of Olswang LLP, 90 High Holborn, London WC1V 6XX on 7 November 2011 at 3 p.m. for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions in the case of resolutions 1 to 7 (inclusive), and as a special resolution in the case of resolution 8:

1. To receive the Company's annual Report and Accounts for the year ended 31 December 2010.
2. To re-appoint Timothy Yeo, who retires by rotation, as a Director of the Company.
3. To re-appoint Christopher Miller, who retires by rotation, as a Director of the Company.
4. To re-appoint Robert Parker, who retires by rotation, as a Director of the Company.
5. To re-appoint Peter Allen as a Director of the Company.
6. To re-appoint KPMG LLP as auditors to hold office from the conclusion of the meeting until the conclusion of the next general meeting of the Company at which accounts are laid, at a remuneration to be determined by the Directors.
7. **THAT** the Directors be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for, or to convert any security into, shares in the Company:
  - 7.1 up to an aggregate nominal amount of £477,013; and

7.2 comprising equity securities (as defined in section 560(1) of the Companies Act 2006), up to a further aggregate nominal amount of £422,467 in connection with an offer by way of a rights issue to:

7.2.1 ordinary shareholders in proportion (as nearly as may be) to their existing holdings; and

7.2.2 holders of other equity securities, if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities,

but subject to such exclusions as the Directors may deem fit to deal with fractional entitlements or any legal, regulatory or practical problems under the laws of any territory (including the requirements of any regulatory body or stock exchange) or any other matter,

such authority shall expire (unless previously revoked by the Company) at the earlier of the conclusion of the next Annual General Meeting of the Company and 15 months from the date of this resolution, **PROVIDED** that:

7.3 the Company may make offers or agreements before the authority expires which would or might require shares to be allotted or rights to subscribe for, or to convert any security into, shares to be granted after it has expired and may allot relevant securities under any such offer or agreement notwithstanding that such authority has expired; and

7.4 all previous authorities to allot shares to be allotted or rights to subscribe for, or to convert any security into, shares to be granted shall be revoked except to the extent already utilised prior to the passing of this resolution.

### **Special resolution**

8. **THAT** subject to the passing of resolution 7 and in substitution for all authorities in existence immediately prior to the passing of this resolution (save to the extent of allotments, offers and agreements to allot equity securities (within the meaning of section 560 of the Companies Act 2006) already made pursuant thereto), the Company shall have the power to allot equity securities for cash pursuant to the authority conferred by resolution 7 as if section 561 of the Companies Act 2006 did not apply to any such allotment provided that this power shall be limited to:

8.1 the allotment of equity securities in connection with an offer or issue of equity securities (but in the case of the authority granted under paragraph 7.2 of resolution 7, by way of a rights issue only) to or in favour of:

8.1.1 ordinary shareholders in proportion (as nearly as may be) to their existing holdings; and

8.1.2 holders of other equity securities, if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities,

but subject to such exclusions as the Directors may deem fit to deal with fractional entitlements or any legal, regulatory or practical problems under the laws of any territory (including the requirements of any regulatory body or stock exchange) or any other matter; and

8.2 the allotment of equity securities up to an aggregate nominal amount equal to £181,286.

such power to expire when the authority given by resolution 7 is revoked or expires,

**PROVIDED** that the Company may make offers or agreements which would or might require equity securities to be allotted after the expiry of this authority and the Directors may allot equity securities pursuant to any such offers or agreements notwithstanding such expiry.

By Order of the Board

Robert Parker

Company Secretary

Dated: 14 October 2011

## NOTES:

1. As a shareholder, you are entitled to appoint another person as your proxy to exercise all or any of your rights to attend, speak and vote at the meeting. You may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by you. A proxy need not be a shareholder of the Company. The appointment of a proxy does not preclude you from attending the meeting and voting in person.
  2. If you wish to appoint a proxy or proxies, please complete and execute an appointment of proxy in respect of each proxy. To be valid, the duly completed and executed form (together with the power of attorney or other authority (if any) under which it is executed or a notarially certified copy of such authority) should then be returned by one of the following methods:
    - a. by depositing it by personal delivery or by post at the Company's registered office at 40 Alan Turing Road, The Surrey Research Park, Guildford, Surrey GU2 7YF, marked for the attention of Gaye Bramwell not less than 48 hours before the time of the meeting; or
    - b. by emailing a scanned copy in pdf (portable document format) to [info@tmo-group.com](mailto:info@tmo-group.com) or by fax to fax number +44 (0)1483 307795, marked for the attention of Gaye Bramwell in either case so as to be received by the Company not less than 48 hours before the time of the meeting.
- A form of appointment of proxy is enclosed with this notice of meeting. If you wish to appoint more than one proxy, you should complete a separate form for each proxy and follow the instructions on the form of proxy carefully.
3. In the case of shares held jointly, the vote of the senior holder who votes (and any proxy or proxies appointed by him) shall be counted by the Company to the exclusion of any other joint holders. The senior holder of a share is determined by the order in which the names of the joint holders appear in the register of members.
  4. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares. In the case of a member which is a company, this proxy form must be executed under its common seal or signed on its behalf by a duly authorised officer, attorney or other person authorised to sign it. In the case of an individual, this proxy form must be signed by the shareholder or their attorney.
  5. Queries about the meeting or matters dealt with in these notes or the meeting generally should be addressed to Gaye Bramwell as follows:
    - a. by telephone on +44 (0)1483 303305; or
    - b. by email to [info@tmo-group.com](mailto:info@tmo-group.com).

6. Documents relating to the meeting should only be sent to the Company by one of the methods and to the address set out in note 2. No communication relating to the meeting or to proxies for the meeting should be directed other than as set out in note 2 and note 5, whether given in this notice or any related documents (including the form of proxy).