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The Directors of Elephant Capital plc, whose names appear in Part 1 of this circular, accept responsibility for the information contained in this circular. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this circular for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

This circular should be read in conjunction with the accompanying Tender Form and Form(s) of Proxy. If you have sold or otherwise transferred all of your Shares and/or Warrants, please send this circular and the Form(s) of Proxy (but not any accompanying personalised Tender Form) as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold or otherwise transferred part of your registered holding of Shares and/or Warrants, please retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

ELEPHANT CAPITAL PLC

(incorporated and registered in the Isle of Man with registered number 116518C)

Proposed reduction of capital and a £5 million tender offer Notice of Extraordinary General Meeting Notice of Warranholders' Meeting

This circular and the accompanying Tender Form and Form(s) of Proxy should not be mailed or otherwise sent in, into or from the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan or any other jurisdiction if to do so would constitute a violation of the laws of such jurisdiction (each a "**Restricted Jurisdiction**"). The availability of the Tender Offer to Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction in which they are located. Persons who are not resident in the United Kingdom should read the paragraph headed "Overseas Shareholders" in Part 1 of this circular and the section headed "Overseas Shareholders" in Part 2 of this circular and should inform themselves about, and observe, any applicable legal or regulatory requirements in their jurisdiction.

Notice convening the Extraordinary General Meeting of the Company to be held at 3rd Floor, Exchange House, 54-62 Athol Street, Douglas, Isle of Man IM1 1JD at 10.00 a.m. on 21 June 2011 is set out at Part 5 of this circular. Notice convening the Warranholders' Meeting to be held at 3rd Floor, Exchange House, 54-62 Athol Street, Douglas, Isle of Man IM1 1JD at 10.30 a.m. on 21 June 2011 (or as soon thereafter as the Extraordinary General Meeting shall have been concluded or adjourned) is set out at Part 6 of this circular. You will find enclosed with this circular the White Form of Proxy for use at the Extraordinary General Meeting and Green Form of Proxy for use at the Warranholders' Meeting. Whether or not you intend to be present at the Extraordinary General Meeting or Warranholders' Meeting, you are asked to complete and sign the relevant Form of Proxy in accordance with the instructions printed thereon. To be valid, your completed Form(s) of Proxy should be returned by post to Chamberlain Fund Services Limited, 3rd Floor, Exchange House, 54-62 Athol Street, Douglas, Isle of Man IM1 1JD so as to be received as soon as possible but in any event by no later than 1.00 p.m. on 17 June 2011. Completion and return of a Form of Proxy will not prevent you from attending and voting in person at the Extraordinary General Meeting or Warranholders' Meeting (as the case may be).

If you are a Qualifying Shareholder and wish to tender Shares held in certificated form under the Tender Offer you should complete the Tender Form and return it in accordance with the instructions set out in Part 2 of this circular and on the Tender Form by post or by hand (during normal business hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received as soon as possible but in any event by no later than 1.00 p.m. on 17 June 2011. Acceptances of the Tender Offer in respect of Shares held in uncertificated form (i.e. in CREST) should be made electronically through CREST so that TTE instructions settle by no later than 1.00 p.m. on 17 June 2011.

The Tender Offer will only be available to Qualifying Shareholders whose names were on the Company's register of members at 6.00 p.m. on 26 May 2011. If you are not a Qualifying Shareholder, or if you do not wish to tender any of your Shares, do not complete or return a Tender Form or send a TTE instruction.

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Accompanying Documents

Tender Form (for Shareholders with certificated Shares only)

White Form of Proxy (for use by Shareholders at the Extraordinary General Meeting)

Green Form of Proxy (for use by Warrantholders at the Warrantholders Meeting)

Reply paid envelopes

Information regarding forward-looking statements

This circular contains a number of forward-looking statements relating to Elephant Capital plc. Elephant Capital plc considers any statements that are not historical facts as "forward-looking statements". They relate to events and trends that are subject to risks and uncertainties that could cause the actual results and financial position of Elephant Capital plc to differ materially from the information presented in the relevant forward-looking statement. When used in this circular the words "estimate", "project", "intend", "aim", "anticipate", "believe", "expect", "should", and similar expressions, as they relate to Elephant Capital plc or the management of it, are intended to identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this circular. Elephant Capital plc does not undertake publicly to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, save in respect of any requirement under applicable laws, the AIM Rules and other regulations.

EXPECTED TIMETABLE

Tender Offer Record Date	6.00 p.m. on 26 May 2011
Tender Offer opens	28 May 2011
Latest time and date for receipt of White Forms of Proxy for the Extraordinary General Meeting	1.00 p.m. on 17 June 2011
Latest time and date for receipt of Green Forms of Proxy for the Warranholders' Meeting	1.00 p.m. on 17 June 2011
Latest time and date for receipt of Tender Forms and TTE instructions from CREST in relation to the Tender Offer	1.00 p.m. on 17 June 2011
Tender Offer Closing Date	17 June 2011
Extraordinary General Meeting of the Company	10.00 a.m. on 21 June 2011
Warranholders' Meeting	10.30 a.m. on 21 June 2011
Announcement of the results of the Meetings and of the Tender Offer and Reduction of Capital	By 6.00 p.m. on 21 June 2011
Expected date for the Reduction of Capital	On or about 12 July 2011
Completion of the Tender Offer and purchase of Shares under the Tender Offer	19 July 2011
Cheques issued/CREST accounts credited for Tender Offer proceeds in respect of Shares sold under the Tender Offer	26 July 2011
CREST accounts credited/share certificates issued for revised holdings of Shares following the sale of Shares under the Tender Offer	26 July 2011

Notes:

1. These times and dates are indicative only, in particular the expected date for the Reduction of Capital is subject to the approval of the Isle of Man courts. If any of the above times and/or dates change materially, the revised times and/or dates will be notified to Shareholders by announcement through a regulatory information service.
2. All references in this circular to time are to the time in London unless otherwise stated.

PART 1

LETTER FROM THE CHAIRMAN

Elephant Capital plc (the “Company”)

(incorporated and registered in the Isle of Man with registered number 116518C)

Directors:

Pramath Raj Sinha (*Chairman*)
Gaurav Burman
Francis Anthony Hancock
James Norman Hauslein
Vikram Lall
Elizabeth Tansell

Registered office:

3rd Floor
Exchange House
54-62 Athol Street
Douglas
Isle of Man
IM1 1JD

27 May 2011

To Shareholders and Warranholders

Dear Shareholders/Warranholders

PROPOSED REDUCTION OF CAPITAL AND TENDER OFFER

1. Introduction

As I indicated in the Company’s interim statement issued today (the “**Interim Report**”), your Board is proposing not to make new investments other than follow on investments in existing portfolio companies, and to focus instead on returning capital to Shareholders over time. As a first step in implementing this new strategy the Board is proposing a tender offer to Qualifying Shareholders to a maximum value of £5,000,000 (the “**Tender Offer**”). In order to give the Company sufficient distributable reserves so that it can lawfully purchase its own Shares under the Tender Offer, the Directors also propose the Reduction of Capital (as described further below).

This circular sets out the details of the proposed Reduction of Capital and Tender Offer and the background to and reasons for the Tender Offer as well as the Reduction of Capital. The Reduction of Capital requires the approval of Warranholders, Shareholders and the Court before it (and consequently the Tender Offer) becomes effective or capable of implementation. In this regard, Part 5 of this circular sets out a notice convening an Extraordinary General Meeting which is to be held on 21 June 2011 and Part 6 sets out a notice convening a Warranholders’ Meeting which is to be held on 21 June 2011 (or as soon thereafter as the Extraordinary General Meeting shall have been concluded or adjourned). At these meetings resolutions necessary to implement the Reduction of Capital and Tender Offer will be proposed. The Board is also proposing a resolution at the Extraordinary General Meeting authorising the Company to make further purchases of Shares in the market generally for cancellation within the period leading up to the next annual general meeting.

For the purposes of this circular, the Reduction of Capital, the Tender Offer, the Policy Resolution and the proposed buyback resolution are collectively referred to as the “**Proposals**”. Shareholders should note that the Tender Offer, Policy Resolution and Reduction of Capital are conditional on each other as well as Warranholders’ approval and sanction of the courts, as further set out in this letter and the Notice of Extraordinary General Meeting. Defined terms can be found in Part 7 of this circular.

2. Background to the Proposals

Following a difficult period for some of the Company’s investment portfolio, as set out in the Interim Report, the Company’s net asset value per Share as at 28 February 2011 had fallen to 63 pence and the market price of the Shares is at a significant discount to that net asset value. There is also a very illiquid market in the Shares, and a number of Shareholders who wish to sell their Shares have been unable to do so. These factors have led the Board to propose that no further investments (other than follow on investments) be made, with the Board and the Manager instead focussing on realising the

Company's existing investment portfolio over time and, subject to the Company's working capital requirements, returning realised capital to Shareholders. As a first step in this process the Board is proposing the Tender Offer to Qualifying Shareholders and seeking Shareholder approval to amend the Company's investment policy accordingly.

The Company will fund the Tender Offer out of the Company's existing cash resources and the realisation of listed investments if necessary. However, in order to do this the Company will first need to create sufficient distributable reserves by the reduction of amounts standing to the credit of the Share Premium Account of the Company and the reclassification of such amounts as a distributable capital reserve of the Company (a "**Distributable Capital Reserve**"). The Board proposes that £27,000,000 of the total amount of £47,752,000 which stands to the credit of the Share Premium Account be reclassified as a Distributable Capital Reserve. Such a reduction of capital (the "**Reduction of Capital**") is subject to the passing of the Reduction Resolution and the subsequent confirmation of the High Court of the Isle of Man.

The Board believes that the Reduction of Capital and the Tender Offer together balance the interests of those Shareholders who wish to realise some or all of their investment in the Company with those that wish to remain invested. The Board believes that the Tender Offer together with the Reduction of Capital has the following benefits:

- The Tender Offer provides a meaningful exit opportunity for those Shareholders who wish to exit, in whole or in part (subject to tenders from other Shareholders), from the Company.
- The Tender Offer should enhance the overall return to Shareholders remaining after the Tender Offer as any Shares purchased by the Company under the Tender Offer will be purchased at a discount to both the net asset value per Share and to the last reported offer price for the Shares as at 25 May 2011 (the latest practicable date prior to the publication of this circular) and thereafter be immediately cancelled.

As described further below, the Tender Offer is subject to a number of conditions.

In addition, following the Tender Offer, in line with its proposed focus for the Company the Board believes that it would benefit the Company to be able to make further purchases of Shares from time to time pursuant to the Distributable Capital Reserve created by the Reduction of Capital. As such, Shareholders are being asked to pass a resolution giving the Company this power (the "**General Buyback Resolution**"). Full details of the General Buyback Resolution are set out in the Notice of Extraordinary General Meeting in Part 5 of this circular.

Following completion of the Tender Offer and approval of the proposed strategy of not making further new investments, the Board intends to review its future structure.

3. Details of the Proposals

3.1 The Reduction of Capital

As at 28 February 2011 (the date of the Company's most recent interim accounts), the Company's consolidated net assets were approximately £31,741,186 and it had no distributable reserves. Purchases by the Company of its own shares (as proposed under the Tender Offer) need to be made out of its distributable reserves and therefore your Board proposes that £27,000,000 of the total amount of £47,752,000 which stands to the credit of the Share Premium Account be reclassified as a "Distributable Capital Reserve" by way of the Reduction of Capital.

The Reduction of Capital will not involve any immediate distribution or repayment of capital by the Company to any Shareholder or other person, and will not reduce the underlying assets of the Company. Its principal effect will be to enable the Company to make market purchases of its own Shares under the Tender Offer, although it is envisaged that in due course the Company may also pay distributions out of distributable reserves accruing subsequent to the Effective Date and may make market purchases of Shares. Although no such market purchases other than the Tender Offer are currently anticipated, as a matter of Isle of Man law if the Company wishes to make such a purchase it must have the prior approval of Shareholders. As such, the General Buyback Resolution is being proposed to Shareholders to give the Company this power.

In calculating the level of funds to be returned to Shareholders by way of the Tender Offer, the Board has taken account of available funding to the Company and its working capital requirements. The Company is solvent and the Reduction of Capital and the Tender Offer are not expected to have any effect upon the Company's ability to discharge its liabilities to creditors. The Company's ongoing annual costs (other than transactional expenses associated with acquisitions and disposals of investments) are estimated by your Board to be no more than £1,250,000; these are not anticipated to increase to any material extent in the future. The Board will also consider carefully the available funding to the Company and its working capital requirements before proceeding with any additional market purchase of Shares (assuming that the General Buyback Resolution is approved).

3.2 The Tender Offer

The Tender Offer is available to those Qualifying Shareholders on the register of members of the Company on the Tender Offer Record Date (26 May 2011) and on the Tender Offer Closing Date (17 June 2011) and is only made in respect of the number of Shares registered continuously in those Shareholders' names on those dates. If a Qualifying Shareholder acquires additional Shares after the Tender Offer Record Date, any such Shares so acquired are not eligible for inclusion under the Tender Offer.

Shareholders are invited to tender any or all of their Shares for purchase by the Company at any Tender Price subject to a minimum of 2 pence per Share (the "**Lowest Tender Price**") and a maximum of 35 pence per Share (the "**Highest Tender Price**"), in increments of 1 pence only and:

- all Shares under the Tender Offer will be purchased at a single Strike Price;
- subject to the Directors' right to elect otherwise as set out below, the Strike Price will be the highest Tender Price at which the aggregate number of Shares that are tendered for purchase by the Company equals or exceeds the Tender Offer Limit, being an amount set by the Directors up to a maximum value of £5,000,000;
- offers made at a Tender Price lower than the Strike Price will be satisfied in full at the Strike Price;
- offers made at the Strike Price may be scaled back pro-rata; and
- offers made at a Tender Price above the Strike Price will be rejected in their entirety.

A minimum Tender Price is required under Isle of Man law and the Lowest Tender Price has been set at 2 pence per Share to ensure that the Company complies with applicable law. This is not an indication of the value the Board attributes to the Shares.

The Directors will seek to conduct the Tender Offer in the best interests of the Company as a whole and accordingly the Tender Offer Limit will be determined with due regard to the number of Shares offered at different Tender Prices. In this regard, if the number of Shares offered at a lower Tender Price would account for substantially all of the funds available for the Tender Offer, the Directors may elect to set the Strike Price at that level rather than at a higher Tender Price where the number of Shares offered would be significantly greater but, as a result of scaling back, the proportion of Shares redeemed at the Strike Price would be low. Therefore in this scenario, the number of Shares actually redeemed may be lower than the maximum amount redeemable pursuant to the Tender Offer. Alternatively, the Directors may resolve to determine the Strike Price at a level that means that, were all validly tendered Shares at (or below) the Strike Price purchased, the Tender Offer Limit would be exceeded. In these circumstances, all tenders at the Tender Price that would have resulted in the Tender Offer Limit being exceeded will be scaled back on a *pro rata* basis (rounded down to the nearest whole number).

Subject to the satisfaction of the Company's obligations under the laws of the Isle of Man (which the Directors believe will be satisfied), and subject to the passing of the Reduction Resolution, the Tender Resolution and the Warrantholders' Resolution and the Reduction of Capital becoming effective, the purchase of Shares by the Company under the Tender Offer will be funded from the Company's existing cash resources and the realisation of listed investments if necessary. Shares not validly tendered may not be purchased.

Shares will be purchased from Shareholders free of commissions and dealing charges.

Shares validly tendered and purchased by the Company in accordance with the terms of the Tender Offer will be automatically cancelled in accordance with Isle of Man law and will not rank for any dividends declared after, or whose record date is after, the date on which the Shares are purchased by the Company (expected to be on 19 July 2011).

The Board estimates that the aggregate costs and expenses of the Company relating to the Tender Offer and Reduction of Capital will not exceed £75,000 (excluding VAT).

The terms and conditions of the Tender Offer, as well as illustrative examples of the mechanics, are set out in Part 2 of this circular. Shareholders do not have to tender any Shares if they do not wish to do so. The Tender Offer is in any case conditional upon certain conditions set out in paragraph 6 of this Part 1.

3.3 The Share Buyback Facility

The Board would like to have the facility over the period leading up to the next annual general meeting to opportunistically purchase Shares in the market for cancellation, subject to a minimum price of 2 pence per Share and a maximum price per Share of the most recently reported offer price per Share immediately prior to the purchase. Such purchases would be undertaken with the aim of increasing the net asset value per Share for the remaining Shareholders. Shareholders should note that, subject as aforesaid, market purchases of Shares authorised by the General Buyback Resolution shall be executed as the Directors in their discretion see fit (including the discretion to utilise only part of the share buyback facility). The authority granted by the General Buyback Resolution shall expire on the next annual general meeting, unless renewed, varied or revoked prior to that time.

4. Warrantheolders' Subscription Rights

The Company hereby gives notice of the Tender Offer (being an invitation by the Company to the Shareholders for the purchase by the Company of a certain number of its Shares) to the Warrantheolders.

Further to paragraph 3.8 of the Warrant Instrument schedule and subject to its obligations under the Warrant Instrument, each Warrantheolder is entitled, at any time between the Tender Offer Record Date and 1.00 p.m. on the Tender Offer Closing Date, to exercise its subscription rights under the Warrant Instrument on the terms on which the same could have been exercised if they had been exercisable on the day immediately preceding the Tender Offer Record Date and so as to take effect as if such Warrantheolder had exercised its rights immediately prior to the Tender Offer Record Date.

5. Overseas Shareholders

The Tender Offer is not available to Shareholders with a registered address in the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan or any other Restricted Jurisdiction. Overseas Shareholders should note that they should satisfy themselves that they have fully observed any applicable legal requirements under the laws of their relevant jurisdiction if they tender Shares in the Tender Offer. The attention of Shareholders who are not resident in the United Kingdom is drawn to the section headed "Overseas Shareholders" in Part 2 of this circular.

6. Conditions and approvals required for the Proposals

The Tender Offer is conditional upon:

- the passing of a resolution by Shareholders to proceed with the Reduction of Capital (the "**Reduction Resolution**");
- the passing of an extraordinary resolution of the Warrantheolders pursuant to paragraph 3.4 of the schedule to the Warrant Instrument to proceed with the Reduction of Capital (the "**Warrantheolders' Resolution**");
- the passing of a resolution by Shareholders to proceed with the change to the Company's investment policy (the "**Policy Resolution**");

- the High Court of the Isle of Man confirming the Reduction of Capital proposed in the Reduction Resolution and such reduction becoming effective following the registration of the relevant court order and minute with the Isle of Man Government's Department of Economic Development;
- the passing of a resolution to allow purchases by the Company of its own shares under the Tender Offer (the "**Tender Resolution**"); and
- the Tender Offer not being terminated pursuant to the Directors' right to do so if they conclude its implementation is no longer in the best interests of the Company and/or Shareholders as a whole or that the purchase of Shares by the Company would have adverse legal or fiscal consequences for the Company and/or Shareholders as a whole.

Certain filings will also need to be made in respect of the Reduction of Capital with the Isle of Man Companies Registry. Assuming that the necessary approvals and sanctions are obtained, it is expected that the Reduction of Capital will take effect on or about 12 July 2011.

Neither the Reduction of Capital nor the Tender Offer is conditional on the General Buyback Resolution. However, the Company will not be able to make further market purchases of Shares unless the General Buyback Resolution or another Shareholders' resolution permitting such purchases is approved by Shareholders, and unless the Company has distributable reserves such as those created by the Reduction of Capital.

An extraordinary general meeting of the Company has been called for 10.00 a.m. on 21 June 2011, at which Shareholders will be asked to pass the Reduction Resolution, the Tender Resolution, the Policy Resolution and the General Buyback Resolution. The full text of the Reduction Resolution, the Tender Resolution, the Policy Resolution and the General Buyback Resolution are set out in the Notice of Extraordinary General Meeting set out in Part 5 of this circular.

A meeting of Warranholders has been called for 10.30 a.m. on 21 June 2011 (or as soon thereafter as the Extraordinary General Meeting shall have been concluded or adjourned), at which Warranholders will be asked to pass the Warranholders' Resolution. The full text of the Warranholders' Resolution is set out in the Notice of Warranholders' Meeting set out in Part 6 of this circular.

7. Actions Required

7.1 In relation to the Extraordinary General Meeting

The White Form of Proxy is enclosed for use at the Extraordinary General Meeting. Whether or not you intend to attend the Extraordinary General Meeting, Shareholders are requested to complete and return the White Form of Proxy to Chamberlain Fund Services Limited, 3rd Floor, Exchange House, 54-62 Athol Street, Douglas, Isle of Man IM1 1JD, so as to be received as soon as possible and, in any event, not later than 1.00 p.m. on 17 June 2011. Completion of the White Form of Proxy will not affect the right of a holder of Shares to attend and vote at the Extraordinary General Meeting.

7.2 In relation to the Warranholders' Meeting

The Green Form of Proxy is enclosed for use at the Warranholders' Meeting. Whether or not you intend to attend the Warranholders' Meeting, Warranholders are requested to complete and return the Green Form of Proxy to Chamberlain Fund Services Limited, 3rd Floor, Exchange House, 54-62 Athol Street, Douglas, Isle of Man IM1 1JD, so as to be received as soon as possible and, in any event, not later than 1.00 p.m. on 17 June 2011. Completion of the Green Form of Proxy will not affect the right of a holder of Warrants to attend and vote at the Warranholders' Meeting.

7.3 In relation to the Tender Offer

(a) Shares held in certificated form

All Shareholders who hold Shares on the Tender Offer Record Date and who hold Shares in certificated form should use the Tender Form accompanying this circular. The procedure for tendering Shares under the Tender Offer is set out in Part 2 of this circular and on the Tender Form.

Shareholders who hold their Shares in a certificated form and who wish to participate in the Tender Offer in respect of Shares held by them on the Tender Offer Record Date should follow the instructions on the enclosed Tender Form and return it, together with the relevant share certificate(s) and/or other document(s) of title to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. A reply paid envelope is enclosed for your use within the UK only.

Completed Tender Forms must be received by Capita Registrars at the address shown above by not later than 1.00 p.m. on the Tender Offer Closing Date for them to be valid under the Tender Offer.

(b) *Shares held in uncertificated form (CREST)*

Details of the procedures for tendering and settlement of Shares held in uncertificated form are set out in Part 2 of this circular.

Shareholders who hold their Shares in uncertificated form and who wish to tender all or any of their existing holdings of uncertificated Shares that were held by them on the Tender Offer Record Date under the Tender Offer should tender electronically through CREST so that the TTE instruction settles no later than 1.00 p.m. on the Tender Offer Closing Date.

Further details of the procedure for tendering and settlement are set out in Part 2 of this circular and for certificated Shareholders in the accompanying Tender Form.

7.4 Questions

If you have any questions relating to this circular or the completion and return of the Tender Form; sending a TTE instruction; or the completion and return of a Form of Proxy; please contact Capita Registrars on 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

8. Recommendation

Your Directors are of the opinion that the Proposals are in the best interests of the Company and Shareholders. Accordingly, your Directors unanimously recommend that Shareholders and Warranholders (as the case may be) vote in favour of the resolutions to be proposed at the Extraordinary General Meeting and the Warranholders' Meeting.

The Directors make no recommendation to Shareholders in relation to participation in the Tender Offer itself. Whether or not Shareholders decide to tender all or any of their Shares will depend, amongst other things, on their view of the Company's prospects and their own individual circumstances, including their tax position. Shareholders are recommended to consult their duly authorised independent advisers and make their own decision.

Yours faithfully

Pramath Raj Sinha
Chairman

PART 2

TERMS AND CONDITIONS OF THE TENDER OFFER

Shareholders who do not wish to participate under the Tender Offer need take no action.

1. Introduction

Qualifying Shareholders on the Company's register of members at 6.00 p.m. on the Tender Offer Record Date are being invited to tender Shares for purchase by the Company on the terms and subject to the conditions set out in this circular and also, in the case of certificated Shares only, on the Tender Form. All of the Shares purchased will be automatically cancelled.

2. Terms and Conditions of the Tender Offer

- (a) The Tender Offer is conditional upon the following (together the "**Tender Conditions**"):
- (i) the passing of the Reduction Resolution;
 - (ii) the passing of the Warrantholders' Resolution;
 - (iii) the High Court of the Isle of Man confirming the Reduction of Capital referred to in the Reduction Resolution, and such reduction becoming effective following the registration of the relevant court order and minute with the Isle of Man Government's Department of Economic Development;
 - (iv) the passing of the Policy Resolution;
 - (v) the passing of the Tender Resolution; and
 - (vi) the Tender Offer not having been terminated in accordance with paragraph 2(w) of this Part 2 at or prior to completion of the Tender Offer.

The Company will not purchase the Shares pursuant to the Tender Offer unless the Tender Conditions have been satisfied. If any of the above conditions are not satisfied by 6.00 p.m. on 26 July 2011 (or such later time and date as the Board may determine, provided that such date is prior to 30 September 2011), the Tender Offer will not proceed and will lapse.

- (b) All Shares tendered by Shareholders under the Tender Offer will be purchased at the Strike Price, which will be calculated in accordance with paragraph 3 below. A Share shall not be purchased under the Tender Offer at any price other than the Strike Price.
- (c) The Tender Offer is subject to the Tender Offer Limit of £5,000,000, meaning that the minimum number of Shares that can be purchased pursuant to the Tender Offer, based on the Highest Tender Price, will be 14,285,714 Shares, and based on the Lowest Tender Price, will be 49,999,999 Shares (being the total number of issued Shares as at the date of this circular, minus one Share to ensure the Company remains in existence).
- (d) The Tender Offer is only available to Qualifying Shareholders on the register of members on the Tender Offer Record Date and on the Tender Offer Closing Date and is only being made in respect of the number of Shares registered continuously in those Shareholders' names on those dates.
- (e) Tender Forms once duly completed (for Shares held in certificated form) and submitted to the Receiving Agent and TTE instructions which have settled (for Shares held in uncertificated form) will become irrevocable and cannot be withdrawn. All questions as to the validity (including time of receipt) will be determined by the Company, in its sole discretion, which determination shall be final and binding (except as otherwise required under applicable law). Neither the Company nor any other person is or will be obliged to give notice of any defects or irregularities, and neither of them will incur any liability for failure to give any such notice.

- (f) The Tender Offer will close at 1.00 p.m. on the Tender Offer Closing Date and Tender Forms or TTE instructions received after that time will not be accepted.
- (g) All or any part of a holding of Shares may be tendered. Only whole numbers of Shares may be tendered and in the event of a scaling back, relevant tenders will be rounded down to the nearest whole number of Shares.
- (h) Shares successfully tendered under the Tender Offer will be sold to the Company fully paid and free from all liens, charges, equitable interests and encumbrances and with all rights attaching to the same. Successfully tendered Shares under the Tender Offer (or a corresponding number of Shares) will be cancelled and will not rank for any dividends, distribution or other equity related rights declared by the Company after that date.
- (i) All tenders of Shares held in certificated form must be made on the Tender Form duly completed in accordance with the instructions set out on the Tender Form (which constitute part of the terms of the Tender Offer).
- (j) All tenders of Shares held in uncertificated form must be made by the input and settlement of an appropriate TTE instruction in CREST in accordance with the procedure set out below.
- (k) A tender will only be valid if the procedures contained in this circular and, for Shareholders who hold Shares in certificated form, on the Tender Form are complied with.
- (l) The Tender Offer will be governed by, and construed in accordance with, English law and the delivery of a Tender Form or the giving of a TTE instruction by a Shareholder will constitute submission to the jurisdiction of the English courts. The provisions of the Contracts (Rights of Third Parties) Act 1999 do not apply to this circular.
- (m) The result of the Tender Offer and, if applicable, the extent to which tenders will be scaled down, is expected to be announced by the Company by 6.00 p.m. on 21 June 2011.
- (n) All documents and remittances sent by or to Shareholders and all instructions made by or on behalf of a Shareholder in CREST relating to the Tender Offer will be sent at the relevant Shareholder's own risk. If the Tender Offer does not become unconditional, or does not proceed, and lapses, in respect of Shares held in certificated form, Tender Forms, certificates and other documents of title will be returned by post to Shareholders not later than 5 Business Days after the date of such lapse, or, in the case of Shares held in uncertificated form (that is, in CREST), the Receiving Agent will provide instructions to Euroclear to transfer all Shares held in escrow by TFE instruction to the original available balances to which those Shares relate.
- (o) If part only of a holding of Shares is successfully tendered pursuant to the Tender Offer, the relevant Shareholder will be entitled to receive the following:
 - (i) if Shares are held in certificated form, a certificate in respect of the unsold Shares; or
 - (ii) if Shares are held in uncertificated form (that is, in CREST), the transfer by the Receiving Agent by TFE instruction to the original available balances of those unsold Shares.
- (p) Further copies of the Tender Form may be obtained on request from Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
- (q) Subject to the terms of the Tender Offer, the Company will purchase Shares tendered under the Tender Offer at the Strike Price.
- (r) Certificated Shareholders who wish to tender Shares under the Tender Offer should indicate the total number of Shares they so wish to tender and the Tender Price(s) on which they are tendering such Shares on the Tender Form.
- (s) The decision of the Directors as to the Strike Price and any scaling back will be conclusive and binding on all Shareholders.

- (t) All questions as to the number of Shares tendered and the validity, form, eligibility (including the time of receipt) and acceptance for payment of any tender of Shares under the Tender Offer will be determined by the Company in its sole discretion, which determination shall be final and binding on all parties except as otherwise required under applicable law. The Company reserves the absolute right to reject any or all tenders it determines not to be in proper form or the acceptance of payment for which may, in the opinion of the Company, be unlawful. The Company also reserves the absolute right to waive any of the terms or conditions of the Tender Offer (other than the Tender Conditions) and any defect or irregularity in the tender of any particular Shares or any particular holder thereof. No tender of Shares will be deemed to be validly made until all defects or irregularities have been cured or waived. In the event of a waiver, the consideration under the Tender Offer will not be dispatched (in respect of Shares in certificated form) or made by way of CREST payment (in respect of Shares in uncertificated form) to the relevant Shareholder until after (in the case of Shares in certificated form) the Tender Form is complete in all respects and the share certificates and/or other document of title (or an indemnity in respect thereof) satisfactory to the Company have been received or (in the case of Shares in uncertificated form) the relevant TTE instruction has settled. None of the Receiving Agent, the Company or any other person is or will be obliged to give notice of any defects or irregularities in tenders, and none of them will incur any liability for failure to give any such notice.
- (u) Shares will be purchased under the Tender Offer free of all commissions and dealing charges.
- (v) The failure of any person to receive a copy of this circular or the Tender Form shall not invalidate any aspect of the Tender Offer.
- (w) The Directors reserve the right to terminate the Tender Offer if they conclude that its implementation is no longer in the best interests of the Company and/or Shareholders as a whole or that the purchase of Shares by the Company would have adverse legal or fiscal consequences (by reason of any change in legislation, practice, circumstances or otherwise) for the Company and/or Shareholders as a whole which were unexpected. If the Tender Offer is terminated, the Company will make an announcement through a regulatory information service that such is the case.

3. Mechanics for determining Strike Price

- (a) Shareholders will be able to tender for purchase by the Company any or all of their Shares at any Tender Price or at differing Tender Prices, which must be at least the Lowest Tender Price (2 pence per Share) up to and including the Highest Tender Price (35 pence per Share), in increments of 1 pence only.
- (b) After the Tender Offer Closing Date, the Company will aggregate all of the Shares offered for purchase at the lowest Tender Price with the total number of Shares offered for purchase within each increasing incremental Tender Price, until the aggregate number of Shares offered for purchase equals or exceeds the Tender Offer Limit. The Strike Price will accordingly be the highest Tender Price at which the aggregate number of Shares offered for purchase equals or exceeds the Tender Offer Limit.
- (c) The Directors will seek to conduct the Tender Offer in the best interests of the Company as a whole and accordingly the Tender Offer Limit will be determined with due regard to the number of Shares offered at different Tender Prices. In this regard, if the number of Shares tendered at a lower Tender Price would account for substantially all of the funds available for the Tender Offer, the Directors may elect to set the Strike Price at that level rather than at a higher Tender Price where the number of Shares offered would be significantly greater but, as a result of scaling back, the proportion of Shares purchased at the Strike Price would be low. Alternatively, the Directors may resolve to determine the Strike Price at a level that means that, were all validly tendered Shares at (or below) the Strike Price purchased, the Tender Offer Limit would be exceeded. In these circumstances, all tenders at the Tender Price that would have resulted in the Tender Offer Limit being exceeded will be scaled back on a *pro rata* basis (rounded down to the nearest whole number).

Illustrative examples

The Information set out below is for illustrative purposes only and does not constitute a forecast or any representation or warranty as to the effects of the Tender Offer on Shareholders.

Example 1 (Assuming 20 million Shares tendered)

<i>Tender Price that Shareholders tender their Shares at</i>	<i>Number of Shares tendered at that Tender Price</i>	<i>Cumulative number of Shares tendered</i>	<i>Number of Shares tendered at that Tender Price and successfully purchased</i>	<i>Percentage of Shares offered for redemption at that Tender Price and successfully purchased</i>
27 pence	0.5 million	0.5 million	0.5 million	100%
28 pence	1.5 million	2 million	1.5 million	100%
29 pence	2 million	4 million	2 million	100%
30 pence	3.5 million	7.5 million	3.5 million	100%
31 pence	4 million	11.5 million	4 million	100%
32 pence	4.5 million	16 million	4.125 million	91.6%
33 pence	2.5 million	18.5 million	0	0%
34 pence	1 million	19.5 million	0	0%
35 pence	0.5 million	20 million	0	0%

Comments on Example 1

- The Strike Price for all Shares tendered in the above illustration would be 32 pence per Share being the highest Tender Price at which the aggregate number of Shares offered equals or exceeds the Tender Offer Limit (which in this example would be £5 million).
- Shares tendered at Tender Prices below than the Strike Price would be accepted in full at the Strike Price.
- Shares offered at the Strike Price would only be partially (91.6 per cent.) accepted after scaling back on a *pro rata* basis.
- Shareholders tendering Shares at Tender Prices above the Strike Price will not have their Shares purchased.

Example 2 (Assuming 20 million Shares tendered)

<i>Tender Price that Shareholders tender their Shares at</i>	<i>Number of Shares tendered at that Tender Price</i>	<i>Cumulative number of Shares tendered</i>	<i>Number of Shares tendered at that Tender Price and successfully purchased</i>	<i>Percentage of Shares offered for redemption at that Tender Price and successfully purchased</i>
26 pence	0.5 million	0.5 million	0.5 million	100%
27 pence	1.5 million	2 million	1.5 million	100%
28 pence	2 million	4 million	2 million	100%
29 pence	3.5 million	7.5 million	3.5 million	100%
30 pence	7 million	15.5 million	7 million	100%
31 pence	2.5 million	18 million	0	0%
32 pence	1 million	19 million	0	0%
33 pence	0.5 million	19.5 million	0	0%
34 pence	0.5 million	20 million	0	0%

Comments on Example 2

- In the above illustration, the Directors determine that setting the Strike Price at 31 pence per Share would result in excessive scaling back of the 2.5 million Shares tendered at that Tender Price (of which only circa 5 per cent. would be successfully purchased).
- Accordingly the Strike Price for all Shares tendered is set at 30 pence per Share being the highest Tender Price which accounts for substantially all of the funds available for the Tender Offer.
- Shares tendered at Tender Prices lower than the Strike Price and at the Strike Price would be accepted in full at the Strike Price.
- Shareholders tendering Shares at Tender Prices above the Strike Price will not have their Shares purchased.

4. Overseas Shareholders

- (a) The making of the Tender Offer in, or to persons resident in, jurisdictions outside the United Kingdom or who are citizens, residents or nationals of other countries may be affected by the laws of the relevant jurisdiction. Shareholders who are not resident in the United Kingdom, or who are citizens, residents or nationals of countries outside the United Kingdom should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such person wishing to take up the Tender Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction. Any such Shareholder will be responsible for any such issue, transfer or other taxes by whomsoever payable and the Company, the Receiving Agent and any person acting on their behalf shall be entitled to be fully indemnified and held harmless by such Shareholder for any such issue, transfer or other requisite payments such person may be required to pay. No steps have been taken to qualify the Tender Offer or to authorise the extending of the Tender Offer or the distribution of the Tender Form in any territory outside the United Kingdom.
- (b) In particular, the Tender Offer is not being made directly or indirectly into or from or by mail or by any means or instrumentality (including, without limitation, facsimile transmission, telex, and telephone) of interstate or foreign commerce, or any facility of a national securities exchange, of the United States, nor is it being made directly or indirectly, in, into, or from Canada, Australia, New Zealand, Japan, or the Republic of South Africa. Accordingly, the Tender Form and any related documents are not being and must not be mailed or otherwise distributed or sent in, into, or from the United States, Canada, Australia, New Zealand, Japan, or the Republic of South Africa, including to Shareholders with registered addresses in the United States, Canada, Australia, New Zealand, Japan, or the Republic of South Africa, or to persons who are custodians, nominees or trustees holding Shares for persons in the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan. Persons receiving such documents (including, without limitation, custodians, nominees and trustees) should not distribute, send or mail them in, into or from the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan or use such mails or any such means, instrumentality or facility, in connection with the Tender Offer, and so doing will render invalid any related purported acceptance of the Tender Offer. Persons in such countries wishing to accept a Tender Offer should not use mail or any such means, instrumentality or facility for any purpose, directly or indirectly, relating to acceptance of a Tender Offer. Envelopes containing a Tender Form should not be postmarked in the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan or otherwise despatched from the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan and all accepting Shareholders must provide addresses outside the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan for the remittance of cash or return of Tender Form.
- (c) If, in connection with making the Tender Offer, notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees), whether pursuant to a contractual or legal obligation or otherwise, forwards this circular, the Tender Form or any

related documents in, into or from the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan or uses the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce of, or any facility of a national securities exchange of, the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan in connection with such forwarding, such persons should (i) inform the recipient of such fact; (ii) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and (iii) draw the attention of the recipient to this section of this circular.

- (d) The provisions in this paragraph and/or any other terms of the Tender Offer relating to Overseas Shareholders may be waived, varied or modified as regards a specific Shareholder or on a general basis by the Company in its absolute discretion but only if the Company is satisfied that such waiver, variation or modification will not constitute or give rise to a breach of applicable securities or other law. Subject to this, the provisions in this paragraph supersede any terms of the Tender Offer inconsistent therewith. References to a Shareholder shall include references to the persons executing a Tender Form and in the event of more than one person executing Tender Forms, the provisions in this paragraph shall apply to them jointly and severally. Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. If you are in any doubt about your position, you should consult your professional adviser in the relevant territory.

5. Procedure for tendering

(a) Shares held in certificated form

To participate in the Tender Offer, Shareholders holding Shares in certificated form must complete and return the Tender Form in accordance with these instructions and the instructions on the Tender Form. The following instructions should be read together with the notes on the Tender Form.

To take up the Tender Offer in respect of Shares held in certificated form, you must complete the accompanying Tender Form in accordance with the instructions thereon.

You should complete separate Tender Forms for Shares held in certificated form but under different designations. Additional copies of the Tender Form can be obtained from Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or on 0871 664 0321 or, if, calling from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.

Completed and signed Tender Forms and share certificates and/or other documents of title should be sent either by post or by hand (the latter during normal business hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to be received not later than 1.00 p.m. on the Tender Offer Closing Date.

Duly completed Tender Forms sent by any of the means set out above and received signed and complete in all respects by the prescribed time will be treated as tenders of Shares in accordance with the terms and conditions of the Tender Offer.

No acknowledgement of receipt of documents will be given. The instructions on the Tender Form shall be deemed to form part of the terms of the Tender Offer.

(b) Ordinary shares in uncertificated form (that is, in CREST)

If your Shares are in uncertificated form, to tender such Shares under the Tender Offer you should take (or procure the taking of) the action set out below to transfer (by means of a TTE instruction) the Shares in respect of which you wish to take up the Tender Offer at a particular

Tender Price to an escrow balance specifying the Receiving Agent (in its capacity as a CREST Participant under the Receiving Agent's Participant ID and Member Account ID as referred to below) as the escrow agent, as soon as possible and in any event so that the transfer to escrow settles not later than 1.00 p.m. on the Tender Offer Closing Date. The Company shall be entitled (in its sole discretion) to accept late transfers to escrow.

The input and settlement of any TTE instruction in accordance with this section (which has not been validly withdrawn) shall constitute an offer to the Company to sell to it the number of Shares at the Tender Price specified in the TTE instruction and on the terms of the Tender Offer by transferring such Shares to the relevant escrow account as detailed below, in accordance with the terms and conditions of the Tender Offer.

If you are a CREST Sponsored Member, you should refer to your CREST Sponsor before taking any action. Only your CREST Sponsor will be able to send a TTE instruction to Euroclear in relation to your Shares. The corporate action number for the Tender Offer is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST.

You should send (or if you are a CREST Sponsored Member, procure that your CREST Sponsor sends) a TTE instruction to Euroclear which must be properly authenticated in accordance with Euroclear's specifications and which must contain, in addition to the other information that is required for the TTE instruction to settle in CREST, the following details:

- the number of uncertificated Shares to be transferred to the relevant escrow account for that Tender Price;
- your Member Account ID;
- your Participant ID;
- the Participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is RA10;
- the Member Account ID of the Receiving Agent. This will depend on the Tender Price at which those Shares are tendered – see further below.
- the ISIN number in respect of the Shares. This is GB00B14VJG46;
- the intended settlement date. This should be as soon as possible and in any event no later than 1.00 p.m. on the Tender Offer Closing Date;
- the contact name and telephone number in the shared note field;
- the corporate action number for the Tender Offer, which is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST; and
- input with a standard delivery instruction priority of 80.

If you wish to tender your Shares at more than one Tender Price, you will need to send (or procure that the relevant person sends) a separate TTE instruction to transfer Shares separately for each Tender Price tendered using the relevant member account.

When you complete any TTE instruction as described above, you will be asked to complete the Member Account ID of the Receiving Agent. This will be ELEPHA followed by two digits between 02 and 35 representing the Tender Price at which you are tendering the relevant Shares. For instance, if you are tendering Shares at a Tender Price of 4 pence, the Member Account ID of the Receiving Agent will be ELEPHA04. If you are tendering Shares at a Tender Price of 32 pence, the Member Account ID of the Receiving Agent will be ELEPHA32.

The input and settlement of a TTE instruction in accordance with this section (which has not been validly withdrawn) shall constitute an offer to the Company to sell to it the number of Shares

at the Strike Price, provided that the Strike Price is equal to or greater than the Tender Price indicated and on the terms of the Tender Offer, by transferring such Shares to the relevant escrow account as detailed above.

After settlement of a TTE instruction, you will not be able to access the Shares concerned for any transaction or charging purposes, notwithstanding that they will be held by the Receiving Agent until completion or lapse of the Tender Offer.

You 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 connection with a TTE instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable all TTE instructions relating to your Shares to settle prior to 1.00 p.m. on the Tender Offer Closing Date. In this connection you are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company will make an appropriate announcement if any of the details contained in this subparagraph relating to settlement in CREST are materially altered.

(c) *Deposits of Shares into, and withdrawals of Shares from, CREST*

Normal CREST procedures (including timings) apply in relation to any Shares that are, or are to be, converted from uncertificated to certificated form or vice versa during the course of the Tender Offer (whether such conversion arises as a result of a transfer of Shares relating to the Tender Offer or otherwise). Shareholders who are proposing to convert any such Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person with a holding in or acquiring the Shares as a result of the conversion to take all necessary steps in connection with the take up of the Tender Offer (in particular, as regards delivery of share certificates and/or other documents of title or transfers to an escrow balance as described above) prior to 1.00 p.m. on the Tender Offer Closing Date, whether in certificated or uncertificated form.

(d) *Lost share certificates and documents of title*

If you have lost your share certificate and/or other document of title, you should write to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, for a letter of indemnity in respect of the lost share certificate and/or other document of title. When completed in accordance with the instructions given, such indemnity should be returned by post or (during normal business hours only) by hand to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive not later than 1.00 p.m. on the Tender Offer Closing Date. A fee will be payable by the Shareholder in respect of each form of indemnity.

If you are in any doubt as to the procedure for acceptance, please contact Capita Registrars on 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Tender Offer nor give any financial, legal or tax advice.

6. Effect of Tender

(a) *Tender Forms (for certificated Shareholders)*

Completion and lodgment of a Tender Form, including the completion and lodgment of a Tender Form which is treated by the Company as valid, shall constitute the irrevocable agreement, representation, warranty and undertaking by the relevant Shareholder that:

- (i) the execution of the Tender Form shall constitute an offer to the Company to sell to it such number of certificated Shares at the Strike Price, provided that the Strike Price is equal to or greater than such Tender Price(s) as are inserted on the Tender Form or deemed to be tendered, in each case on and subject to the terms and conditions set out or referred to in this circular and the Tender Form and that, once lodged, such tender shall be irrevocable;
- (ii) such Shareholder has full power and authority to tender, sell, assign or transfer the Shares in respect of which such offer is accepted (together with all rights attaching thereto) and the Company will acquire such Shares at the Strike Price with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto, on or after the Tender Offer Closing Date; and
- (iii) such completion and lodgment, shall, subject to the Tender Offer becoming unconditional, irrevocably constitute the Company as the agent of such Shareholder, and an instruction to the Company as such, to:
 - (1) complete and execute any and all documentation and take any and all actions which are necessary or, in the Company's absolute discretion, desirable to give effect to the purchase and cancellation of the Shares the subject of the Tender Form;
 - (2) procure the purchase of the Shares which are the subject of the Tender Form and sell such Shares to the Company for cancellation; and
 - (3) despatch or otherwise make payment of the proceeds of sale in respect of the purchased Shares in accordance with the settlement provisions set out below;
- (iv) such Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by the Company or any of its directors or any person nominated by the Company or the Company or any of its directors in the proper exercise of their or his powers and/or authorities hereunder;
- (v) such Shareholder with a holding of Shares in certificated form will deliver to the Receiving Agent their share certificate and/or other document of title in respect of the Shares referred to in sub-paragraph (i) above, or an indemnity acceptable to the Company in lieu thereof, or will procure the delivery of such document to such person as soon as possible thereafter and, in any event, no later than 1.00 p.m. on the Tender Offer Closing Date;
- (vi) the provisions of the Tender Form form part of the terms and conditions of the Tender Offer;
- (vii) such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by the Company to be desirable, in each case to complete the purchase of the Shares and/or to perfect any of the authorities expressed to be given hereunder;
- (viii) such Shareholder has observed the laws of all relevant jurisdictions, obtained any requisite consents, complied with all applicable formalities, that the invitation under the Tender Offer may be made to him under the laws of the relevant jurisdiction, and has not taken or omitted to take any action which would otherwise result in the Company acting in breach of any applicable legal or regulatory requirement in respect of the purchase of Shares;
- (ix) such Shareholder has not received or sent copies or originals of the Tender Form or any related documents in, into or from the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan and has not otherwise utilised in connection with the

Tender Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan, the Tender Form have not been mailed or otherwise sent in, into or from the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan and such Shareholder is accepting the Tender Offer from outside the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan;

- (x) on execution a Tender Form takes effect as a deed; and
- (xi) the execution of a Tender Form constitutes such Shareholder's submission to the exclusive jurisdiction of the courts of England in relation to all matters arising out of or in connection with the Tender Offer or the Tender Form.

A reference in this paragraph to a Shareholder includes a reference to the person or persons executing a Tender Form and in the event of more than one person executing a Tender Form, the provisions of this paragraph will apply to them jointly and severally.

(b) *Electronic Tenders (for uncertificated Shareholders)*

The input of a TTE instruction which is treated by the Company as valid shall constitute the irrevocable agreement, representation, warranty and undertaking by the relevant Shareholder that:

- (i) the input of such TTE instruction shall constitute an offer to sell to the Company such number of Shares at the Strike Price, provided that the Strike Price is equal to or greater than such Tender Price as is specified in the TTE instruction or deemed to be tendered, in each case, on and subject to the terms and conditions set out or referred to in this circular and the TTE instruction and that, once lodged, such tender shall be irrevocable;
- (ii) such Shareholder has full power and authority to tender, sell, assign or transfer the Shares in respect of which the Tender Offer is accepted (together with all rights attaching thereto) and, when the same are purchased by the Company, the Company will acquire such Shares at the Strike Price with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto, on or after the Tender Offer Closing Date;
- (iii) the input of the TTE instruction will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of the Receiving Agent as the escrow agent for the Tender Offer and an irrevocable instruction and authority to the Receiving Agent:
 - (1) subject to the Tender Offer becoming unconditional, to transfer to itself by means of CREST and then to transfer to the Company by means of CREST all of the Relevant Shares (as defined below) in respect of which the Tender Offer is accepted or deemed to be accepted (but not exceeding the number of Shares which have been tendered pursuant to the Tender Offer); and
 - (2) if the Tender Offer is terminated or does not become unconditional and lapses, or there are Shares which have not been successfully tendered under the Tender Offer, to give instructions to Euroclear, as promptly as practicable after the lapsing of the Tender Offer, to transfer the Relevant Shares to the original available balances from which those Shares came.

For the purposes of this paragraph (iii), "**Relevant Shares**" means Shares in uncertificated form and in respect of which a transfer or transfers to escrow has or have been effected pursuant to the procedures described in this paragraph (iii);

- (iv) such Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by the Company or any of its directors or any person nominated by the Company or any of its directors in the proper exercise of their or his powers and/or authorities hereunder;

- (v) if, for any reason, any Shares in respect of which a TTE instruction has been made are, prior to 1.00 p.m. on the Tender Offer Closing Date, converted into certificated form, the electronic tender in respect of such Shares shall cease to be valid and the Shareholder will need to comply with the procedures for tendering Shares in certificated form as set out in this Part 2 in respect of the Shares so converted, if he wishes to make a valid tender of such Shares pursuant to the Tender Offer;
- (vi) such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by the Company to be desirable, in each case to complete the purchase of the Shares and/or to perfect any of the authorities expressed to be given hereunder;
- (vii) such Shareholder has observed the laws of all relevant jurisdictions, obtained any requisite consents, complied with all applicable formalities, that the invitation under the Tender Offer may be made to him under the laws of the relevant jurisdiction, and has not taken or omitted to take any action which would otherwise result in the Company or the Company acting in breach of any applicable legal or regulatory requirement in respect of the purchase of Shares;
- (viii) such Shareholder has not received or sent copies or originals of the Tender Form or any related documents in, into or from the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan, the Tender Form has not been mailed or otherwise sent in, into or from the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan and such Shareholder is accepting the Tender Offer from outside the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan;
- (ix) the creation of an assured payment obligation in favour of such Shareholder's payment bank in accordance with the CREST assured payment arrangements as referred to in the paragraph below under the heading "Settlement" will, to the extent of the obligations so created, discharge fully any obligation of the Company to pay to such Shareholder the consideration to which he is entitled under the Tender Offer;
- (x) the input of the TTE instruction constitutes such Shareholder's submission to the exclusive jurisdiction of the courts of England in relation to all matters arising out of or in connection with the Tender Offer; and
- (xi) if the appointment of Receiving Agent provision under paragraph (iv) above shall be unenforceable or invalid or shall not operate so as to afford the Receiving Agent the benefit or authority expressed to be given therein, the Shareholder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable the Receiving Agent to secure the full benefits of paragraph (iv) above.

7. Settlement

Settlement of the consideration to which any Shareholder is entitled pursuant to tenders accepted by the Company as complete in all respects will be made by the dispatch of cheques or CREST messages as follows:

(a) *Shares in certificated form*

Where a purchase relates to Shares held by Shareholders in certificated form cheques for the consideration will be despatched by first class post by 26 July 2011 (subject to the expected date for the Reduction of Capital), at the risk of the person entitled thereto. All cash payments will be made in pounds sterling by cheque, drawn on a branch of a UK clearing bank.

(b) *Shares in uncertificated form (that is, in CREST)*

Where a purchase relates to Shares held by Shareholders in uncertificated form, the cash consideration will be paid through CREST, by the Receiving Agent (on behalf of the Company) procuring the creation of an assured payment obligation by 26 July 2011 (subject to the expected date for the Reduction of Capital) in favour of the payment banks of accepting Shareholders in accordance with the CREST assured payment arrangement.

Shareholders who do not wish to sell any Shares under the Tender Offer need take no action in relation to the Tender Offer or the Tender Form.

PART 3

TENDER OFFER AND GENERAL SHARE BUYBACK TAX ASPECTS

1. General

The following comments provide a summary of the UK taxation consequences of the Tender Offer and any General Share Buyback, based on existing law and on what is understood by the Directors to be current H.M. Revenue & Customs published practice at the date of this document. They are intended to be a general guide only and apply to Shareholders resident and/or ordinarily resident for tax purposes in the UK (except where stated otherwise) who hold Shares as an investment and who are the absolute beneficial owners of those Shares.

The comments do not purport to be a comprehensive analysis of all the UK tax consequences applicable to all types of shareholders so may not apply to certain classes of persons (save where express reference is made to such persons) including, for example, dealers, persons with a holding in Shares in a personal equity plan or an individual savings account, or trustees of certain trusts.

Shareholders who are in any doubt about their taxation position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers immediately.

2. The Tender Offer and any General Share Buyback

(a) *United Kingdom taxation of chargeable gains*

Due to the Reduction of Capital, part of the proceeds of the Tender Offer and any General Share Buyback paid to Shareholders who are subject to UK corporation tax may not constitute a repayment of capital and may therefore constitute an income distribution for UK tax purposes. Any such distribution should be exempt from UK corporation tax on income under Part 9A of the Corporation Tax Act 2009, such that the entirety of the proceeds of the Tender Offer and any General Share Buyback paid to such Shareholders will still be subject to United Kingdom taxation on chargeable gains.

A Shareholder who tenders Shares to the Company pursuant to the Tender Offer or any General Share Buyback should be treated, for the purposes of United Kingdom taxation, as though it had sold them in the ordinary way to a third party. A charge to United Kingdom taxation on any chargeable gain that arises therefrom (or an allowable loss for the purposes of such taxation) could therefore arise for a Shareholder resident or ordinarily resident in the United Kingdom, depending on the Shareholder's particular circumstances (including the availability of any exemptions, reliefs and allowable losses).

In the case of individuals who are UK-resident but domiciled for UK tax purposes outside the UK and who have successfully claimed to be, or who automatically qualify to be, taxed on the remittance basis under Chapter A1 of Part 14 of the Income Tax Act 2007, any gain will be subject to UK tax only to the extent that the gain is, or is deemed to be, remitted to the UK.

If an allowable loss arises to a Shareholder on the sale of Shares pursuant to the Tender Offer or any General Share Buyback, such Shareholder is recommended to seek professional advice on the potential utilisation of such allowable loss. A Shareholder who is not resident or ordinarily resident in the United Kingdom and who does not hold its Shares for the purposes of a trade carried on by that Shareholder through a branch or agency or permanent establishment in the United Kingdom will not normally be liable to United Kingdom taxation in respect of any disposal of its Shares pursuant to the Tender Offer or any General Share Buyback.

(b) *Chapter 1 Part 13 Income Tax Act 2007 and Part 15 Corporation Tax Act 2010 (the "Sections")*

The Sections permit H.M. Revenue & Customs to counteract tax advantages arising from certain transactions in securities. The Sections do not apply where it can be shown that the transactions in question were entered into for genuine commercial reasons (or in the ordinary course of

making or managing investments) and did not involve as one of their main objects the obtaining of a tax advantage.

If H.M. Revenue & Customs sought to apply the Sections in respect of the Tender Offer or any General Share Buyback, some Shareholders selling their Shares under the Tender Offer or any General Share Buyback might be liable to taxation as if they had received income rather than capital. No application has been made to H.M. Revenue & Customs for clearance in relation to the Sections in respect of the Tender Offer or any General Share Buyback. Shareholders are advised to take independent advice as to the potential application of the Sections to the Tender Offer or any General Share Buyback having regard to the proposed arrangements as a whole and in light of their own particular motives and circumstances.

(c) *Stamp duty/stamp duty reserve tax*

UK stamp duty should not be payable by either a Shareholder tendering Shares in certificated form or by the Company in respect of any such certificated Shares purchased provided that the instrument of transfer of the certificated Shares is not executed in or brought into the UK. UK stamp duty reserve tax should not be payable in respect of Shares tendered in uncertificated form and transferred to the Company through the CREST system provided that no register of the Company is kept in the UK.

3. After the Tender Offer and any General Share Buyback

(a) *Controlled foreign companies*

Chapter IV of Part XVII of the Income and Corporation Taxes Act 1988 subjects United Kingdom resident companies to tax on the profits of certain companies not so resident in which they have an interest. The provisions may be relevant to Shareholders that are United Kingdom resident companies which, following the Tender Offer or any General Share Buyback, hold, alone or together with certain other associated persons at least a 25 per cent. direct or indirect interest in the profits of the Company, if the Company is controlled within the meaning of Chapter IV of Part XVII by persons who are resident in the United Kingdom. Such Shareholders may become subject to United Kingdom corporation tax on their share of those profits.

(b) *Attribution of gains to members of non-resident companies*

The attention of Shareholders who are resident or ordinarily resident in the United Kingdom for taxation purposes is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 ("Section 13"). Section 13 could be material to any such Shareholder at a time when any gain accrues to the Company (such as on a disposal of any of its investments) and at the same time, the Company is itself controlled by a sufficiently small number of persons so as to render the Company a body corporate that would, were it resident in the United Kingdom for taxation purposes, be a "close" company for those purposes. The provisions of Section 13 could, if applicable following the Tender Offer or any General Share Buyback, result in any such person who is a "participator" in the Company being treated for the purposes of United Kingdom taxation of chargeable gains as if a part of any gain accruing to the Company had accrued to that person, the gain accruing to that person being equal to the proportion of the gain that corresponds to that person's proportionate interest in the Company as a "participator". No liability under Section 13 could be incurred by such a person, however, where such proportion accruing to that person and to persons connected with him for UK tax purposes does not exceed one-tenth of the gain. If the gain derives from a disposal by the Company of an asset situated outside the United Kingdom, any individual "participators" who are UK resident but who are domiciled outside the UK for UK tax purposes and who have successfully claimed to be, or who automatically qualify to be, taxed on the remittance basis will be subject to UK tax only to the extent that any gain is, or is deemed to be, remitted to the UK. Any tax paid by a Shareholder under Section 13 will be allowable expenditure on a subsequent sale by that Shareholder of Shares in the Company in which that Shareholder is a "participator".

PART 4

ADDITIONAL INFORMATION

1. Risks associated with the Tender Offer and total expense ratio

The implementation of the Tender Offer is conditional, inter alia, upon the Tender Resolution being passed at the Extraordinary General Meeting and upon the Reduction of Capital becoming effective. If the conditions are not satisfied, the Tender Offer will not proceed.

The Tender Offer will result in the issued share capital of the Company being reduced and the Company's capital base will therefore be smaller. Consequently the fixed costs of the Company will be spread over fewer Shares and the Company's total expense ratio is likely to increase. The principal ordinary expenses borne by the Company are (i) the annual management fee paid to the Manager and (ii) the operational costs of the Company.

The Directors estimate that these expenses (excluding for the avoidance of doubt any transactional and extraordinary costs approved by the Board) will not exceed £650,000 per year for the annual management fee paid to the Manager together with an amount not to exceed £600,000 per year for the operational costs of the Company.

2. Risks associated with the Reduction of Capital

The Reduction of Capital is conditional, inter alia upon the Reduction Resolution and the Tender Resolution being passed at the Extraordinary General Meeting on the Warranholders' Resolution, and on the Isle of Man court sanctioning the Reduction of Capital. If any of these events does not occur, then the Reduction of Capital will not proceed.

3. Risks associated with the General Buyback Resolution

If the General Buyback Resolution is passed and the Company makes other market purchases of Shares, the issued share capital of the Company will be reduced and the Company's capital base will therefore be smaller. See above on risks relating to the Tender Offer for the consequences of this.

4. Material Contracts

Receiving Agency Agreement

Pursuant to a receiving agency agreement between the Company and Capita Registrars dated 26 May 2011 (the "**Receiving Agency Agreement**"), the Company has appointed Capita to act as receiving agent and escrow agent and to provide various other services in connection with the Tender Offer. The Receiving Agency Agreement may be terminated by either party in certain circumstances such as the insolvency or winding-up of or material breach of contract by the other party.

The aggregate liability of Capita (or associated persons) in connection with the Receiving Agency Agreement is limited to the lesser of £250,000 and an amount equal to five times the fee payable to Capita. Furthermore, Capita shall not be liable to the Company for any consequential loss.

The Company shall indemnify Capita (and associated persons) from any loss incurred by such person arising from the Company's breach of the Receiving Agency Agreement, except to the extent such losses are determined to have resulted solely from the relevant person's fraud or wilful default.

5. Documents available for inspection

Copies of the following documents will be made available for inspection at the offices of Hogan Lovells International LLP at Atlantic House, Holborn Viaduct, London EC1A 2FG and at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of posting of this circular up to the date of the Extraordinary General Meeting and at the place of meeting for 15 minutes prior to the meeting and during the meeting:

- the Receiving Agency Agreement; and
- this circular.

PART 5

NOTICE OF EXTRAORDINARY GENERAL MEETING ELEPHANT CAPITAL PLC

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Elephant Capital plc (the “**Company**”) will be held at 3rd Floor, Exchange House, 54-62 Athol Street, Douglas, Isle of Man IM1 1JD at 10.00 a.m. on 21 June 2011 for the purpose of considering and, if thought fit, passing the following resolutions, the first (“**Resolution 1**”) of which will be proposed as a special resolution and the second, third and fourth (“**Resolution 2**”, “**Resolution 3**” and “**Resolution 4**” respectively) of which will each be proposed as an ordinary resolution:

SPECIAL RESOLUTION

1. **THAT**, subject to the confirmation of the High Court of the Isle of Man in accordance with section 56 of the Companies Act 1931, the amount standing to the credit of the share premium account of the Company be reduced by the sum of £27,000,000 (twenty-seven million pounds sterling) and such sum be reclassified as a distributable capital reserve of the Company and that any sum standing to the credit of such reserve be a distributable reserve of the Company capable of being distributed to the members in accordance with the respective rights attaching to shares in the Company.

ORDINARY RESOLUTIONS

2. **THAT**, conditional upon the passing of Resolution 1, the Company be and is hereby generally authorised, in accordance with rule 8 of the AIM Rules, to take all action necessary (and to procure that any of its subsidiaries take all action necessary), to amend the Company’s investing policy to be as follows:

“To manage the existing investments of the Company in accordance with the Company’s Admission Document of April 2007, with the intention of making no further investments (other than follow on investments), focussing on realising the Company’s existing investment portfolio over time and (subject to the Company’s working capital requirements and to the extent permitted by law) returning relevant realisation proceeds to shareholders of the Company.”

3. **THAT**, conditional upon the passing of Resolution 1 and Resolution 2, the High Court of the Isle of Man confirming the reduction of capital referred to in the special resolution set out above and such reduction becoming effective following the registration of the relevant Court Order and minute, all as required in terms of section 59 of the Companies Act 1931 (as amended), the Company generally be and is hereby authorised for the purposes of section 13 of the Isle of Man Companies Act 1992, to make market purchases of ordinary shares of £0.01 each in the capital of the Company (“Shares”), pursuant to the Tender Offer (as defined and referred to in the circular to shareholders of which this Notice forms part), provided that:

- (a) the maximum aggregate number of Shares hereby authorised to be purchased is 49,999,999 Shares;
- (b) the minimum price to be paid for each Share is 2 pence;
- (c) the maximum price to be paid for each Share is 35 pence; and
- (d) the authority hereby conferred shall expire on 30 September 2011 (unless such authority is renewed, varied or revoked by ordinary resolution prior to such time), provided that the Company may make a contract to purchase Shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of Shares in pursuance of any such contract wholly or partly after the expiry of such authority.

4. **THAT**, conditional upon the passing of Resolution 1, the Company generally be and is hereby authorised for the purposes of section 13 of the Isle of Man Companies Act 1992, to make market purchases of Shares, provided that:
- (a) the maximum aggregate number of Shares hereby authorised to be purchased is 15 per cent. of the Company's issued share capital immediately after the passing of this resolution;
 - (b) the minimum price to be paid for each Share is 2 pence;
 - (c) the maximum price to be paid for each Share is the most recently reported offer price per Share immediately prior to any purchase of Shares pursuant to this resolution; and
 - (d) the authority hereby conferred shall expire on the earlier of (i) the Company's next annual general meeting and (ii) the date falling 18 months after the passing of this resolution (unless such authority is renewed, varied or revoked by ordinary resolution prior to such time), provided that the Company may make a contract to purchase Shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of Shares in pursuance of any such contract wholly or partly after the expiry of such authority.

Registered office:
3rd Floor
Exchange House
54-62 Athol Street
Douglas
Isle of Man IM1 1JD

Dated: 27 May 2011

By order of the Board
E Tansell
Secretary

The attention of members is drawn to the following notes which form part of this Notice:

1. A member entitled to attend and vote at the meeting convened by the notice set out above is entitled to appoint a proxy to attend, speak and vote instead of him. A proxy need not be a member of the Company. More than one proxy may be appointed to exercise the rights attaching to different Shares held by the member but a member may not appoint more than one proxy to exercise rights attached to any one Share. A white form of proxy is enclosed for Shareholders.
2. Upon a show of hands, every member who (being an individual) is present in person or (being a corporation) is present by a representative shall have one vote, and upon a poll every member present in person, by representative (in the case of a corporation) or by proxy shall have one vote for every Share held by him/her.
3. To be effective, completed white forms of proxy and the power of attorney or other authority (if any) under which they are signed or a copy of that power or authority certified notarially must be lodged in accordance with the instructions printed thereon, not later than 48 hours before the time appointed for the meeting or any adjourned meeting.
4. Completion and return of a white form of proxy will not preclude a member from attending and voting at the meeting in person should he wish to do so.
5. The Company, pursuant to regulation 22 of the Uncertificated Securities Regulations 2005 of the Isle of Man, specifies that only those shareholders registered in the register of members of the Company as at 1.00 p.m. on 17 June 2011 or, in the event that the meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at the aforesaid extraordinary general meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries in the register of members after 1.00 p.m. on 17 June 2011 or, in the event that the meeting is adjourned, in the register of members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
6. In the case of joint registered holders of any Shares, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names of the holders are shown in the register of members.

PART 6

NOTICE OF WARRANTHOLDERS' MEETING ELEPHANT CAPITAL PLC

NOTICE IS HEREBY GIVEN that a meeting of the holders of the Warrants to subscribe for Ordinary Shares in the capital of Elephant Capital plc (the "**Company**") will be held at 3rd Floor, Exchange House, 54-62 Athol Street, Douglas, Isle of Man IM1 1JD at 10.30 a.m. on 21 June 2011 (or as soon thereafter as the extraordinary general meeting of the Company convened for the same date and place shall have concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolution as an extraordinary resolution of Warranholders:

EXTRAORDINARY RESOLUTION

THAT, this separate general meeting of the holders of the Warrants to subscribe for ordinary shares of £0.01 each in the capital of the Company hereby sanctions and consents to the passing, as a special resolution of the Company the resolution set out in the notice of the extraordinary general meeting dated 21 June 2011, a copy of which has been produced to this meeting and, for the purposes of identification, signed by the chairman hereof (the "**Special Resolution**"), and sanctions in particular (subject to the confirmation of the High Court of the Isle of Man in accordance with section 56 of the Companies Act 1931) the reduction of the amount standing to the credit of the share premium account of the Company by the sum of £27,000,000 (twenty-seven million pounds sterling) and the reclassification of such sum as a distributable capital reserve of the Company and that any sum standing to the credit of such reserve be a distributable reserve of the Company capable of being distributed to the members in accordance with the respective rights attaching to shares in the Company.

Registered office:
3rd Floor
Exchange House
54-62 Athol Street
Douglas
Isle of Man IM1 1JD

Dated: 27 May 2011

By order of the Board
E Tansell
Secretary

The attention of Warranholders is drawn to the following notes which form part of this Notice:

1. A Warranholder entitled to attend and vote at the meeting convened by the notice set out above is entitled to appoint a proxy to attend, speak and vote instead of him. A proxy need not be a Warranholder of the Company. A green form of proxy is enclosed for use by Warranholders.
2. Upon a show of hands, every Warranholder who (being an individual) is present in person or (being a corporation) is present by a representative shall have one vote, and upon a poll every Warranholder present in person, by representative (in the case of a corporation) or by proxy shall have one vote for each Ordinary Share for which he is entitled to subscribe.
3. To be effective, completed green forms of proxy and the power of attorney or other authority (if any) under which they are signed or a copy of that power or authority certified notarially must be lodged in accordance with the instructions printed thereon, not later than 48 hours before the time appointed for the meeting or any adjourned meeting.
4. Completion and return of a form of proxy will not preclude a Warranholder from attending and voting at the meeting in person should he wish to do so.

PART 7

DEFINITIONS

The following definitions apply throughout the circular unless the context requires otherwise:

“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange plc from time to time;
“Board” or “Directors”	the board of directors of the Company;
“Business Day”	any day, other than a Saturday, Sunday or UK Bank Holiday;
“Capita Registrars” or “Capita” or the “Receiving Agent”	Capita Registrars Limited, a company registered in England and Wales (registered number 2605568);
“Company”	Elephant Capital plc, a company incorporated in the Isle of Man with registered number 116518C;
“CREST”	the computer based system for the transfer of uncertificated securities operated by Euroclear;
“CREST Member”	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations);
“CREST Participant”	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations);
“CREST Regulations”	the Uncertificated Securities Regulations 2005 of the Isle of Man (Statutory Document No 754/05);
“CREST Sponsor”	a CREST Participant admitted to CREST as a CREST sponsor;
“CREST Sponsored Member”	a CREST Member admitted to CREST as a CREST sponsored member;
“Distributable Capital Reserve”	has the meaning given to it in Part 1 of this circular;
“Effective Date”	the effective date of the Reduction of Capital, expected to be on or about 12 July 2011;
“Euroclear”	Euroclear UK and Ireland Limited;
“Excluded Shareholders”	Shareholders with a registered address in or who are located in the United States or one of the Restricted Jurisdictions;
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at 3rd Floor, Exchange House, 54-62 Athol Street, Douglas, Isle of Man IM1 1JD at 10.00 a.m. on 21 June 2011 (notice of which is set out in Part 5 of this circular) relating to the Proposals;
“Form of Proxy”	the White Form of Proxy and/or Green Form of Proxy as the case may be;
“General Buyback Resolution”	the fourth resolution in the Notice of Extraordinary General Meeting in Part 5 of this circular, to permit the Company to make purchases of its own Shares;

“General Share Buyback”	any purchase of Shares by the Company pursuant to the authority granted by the General Buyback Resolution;
“Green Form of Proxy”	the green form of proxy accompanying this circular for use by Warranholders at the Warranholders’ Meeting;
“Highest Tender Price”	the highest Tender Price, being 35 pence per Share;
“Interim Report”	the Company’s interim statement for the period to 28 February 2011;
“Lowest Tender Price”	the lowest Tender Price, being 2 pence per Share;
“Manager”	Elephant Capital LLP, a limited liability partnership incorporated under the laws of England and Wales with registered number OC338687;
“Member Account ID”	the identification code or number attached to any member account in CREST;
“Meetings”	the Extraordinary General Meeting and the Warranholders’ Meeting, and “Meeting” means any one of them;
“Notice of Extraordinary General Meeting”	the notice of the Extraordinary General Meeting which is set out in Part 5 of this circular;
“Notice of Warranholders’ Meeting”	the notice of the Warranholders’ Meeting which is set out in Part 6 of this circular;
“Overseas Shareholder”	a Shareholder whose address in the Company’s register of members is outside the UK;
“Participant ID”	the identification code or membership number used in CREST to identify a particular CREST Member or other CREST Participant;
“Policy Resolution”	the second resolution set out in the Notice of Extraordinary General Meeting in Part 5 of this circular, to implement the Tender Offer;
“Proposals”	has the meaning given to it in Part 1 of this circular;
“Qualifying Shareholder”	a Shareholder who is entitled to participate in the Tender Offer, being a Shareholder on the register of members of the Company at the Tender Offer Record Date and the Tender Offer Closing Date, other than Excluded Shareholders;
“Receiving Agency Agreement”	has the meaning given to it on page 24 of this circular;
“Reduction of Capital”	has the meaning given to it on page 5 of this circular;
“Reduction Resolution”	the first resolution set out in the Notice of Extraordinary General Meeting in Part 5 of this circular, to approve the Reduction of Capital;
“Restricted Jurisdiction”	the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan or any other jurisdiction where the mailing of this circular into such jurisdiction or the extension or availability of the Tender Offer would constitute a violation of the laws of such jurisdiction;

“Shareholders”	holders of Shares and the term “Shareholder” shall mean any one of them;
“Share Premium Account”	the share premium account of the Company;
“Shares”	the ordinary shares of £0.01 each in the capital of the Company;
“Strike Price”	the price at which tendered Shares will be purchased pursuant to the Tender Offer, calculated as set out in this circular;
“tender” and “tendered”	refers to the tenders by Shareholders of Shares in the Tender Offer;
“Tender Form”	the form of tender enclosed with this circular for use in respect of Shares held in certificated form in relation to the Tender Offer;
“Tender Offer”	the invitation by the Company to Qualifying Shareholders to tender Shares for sale to the Company on the terms and subject to the conditions set out in this circular and also, in the case of certificated Shares only, on the Tender Form;
“Tender Offer Closing Date”	1.00 p.m. on 17 June 2011;
“Tender Offer Limit”	the purchase of Shares tendered up to a limit determined by the Directors in their absolute discretion being a maximum value of £5,000,000;
“Tender Offer Record Date”	26 May 2011;
“Tender Price”	the price at which Shareholders may tender a Share pursuant to the Tender Offer, in each case no less than the Lowest Tender Price and up to and including the Highest Tender Price, in increments of one pence only;
“Tender Resolution”	the third resolution set out in the Notice of Extraordinary General Meeting in Part 5 of this circular, to implement the Tender Offer;
“TFE instruction”	a transfer from escrow instruction (as defined by the CREST manual issued by Euroclear);
“TTE instruction”	a transfer to escrow instruction (as defined by the CREST manual issued by Euroclear);
“Warrant”	a warrant to subscribe for Shares, the terms and conditions of which are set out in the Warrant Instrument;
“Warrant Instrument”	the deed poll executed by the Company on 19 April 2007, setting out the terms and conditions of the Warrants;
“Warranholders”	holders of Warrants;
“Warranholders’ Meeting”	the meeting of Warranholders to be held at 3rd Floor, Exchange House, 54-62 Athol Street, Douglas, Isle of Man IM1 1JD at 10.30 a.m. on 21 June 2011 (or as soon thereafter as the Extraordinary General Meeting shall have been concluded or adjourned), notice of which is set out in Part 6 of this circular;
“Warranholders’ Resolution”	the resolution set out in the Notice of Warranholders’ Meeting in Part 6 of this circular; and
“White Form of Proxy”	the white form of proxy accompanying this circular for use by Shareholders at the Extraordinary General Meeting.

