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The Offer does not constitute an offer to the public requiring an approved prospectus under section 85 of FSMA and accordingly this document does not constitute a prospectus for the purposes of the Prospectus Rules made by the FCA pursuant to sections 73A(1) and (4) of FSMA and has not been pre-approved by the Financial Conduct Authority (“FCA”) pursuant to section 85 of FSMA.

NEKTAN PLC

(incorporated in Gibraltar and registered with number 105853)

Firm subscription of 8,272,726 new Ordinary Shares at 27.5 pence per share and pro rata limited exercise Warrants for every Ordinary Share subscribed for and Offer for subscription of up to 1,818,182 new Ordinary Shares at 27.5 pence per share and pro rata limited exercise Warrants for every Ordinary Share subscribed for as part of the Offer and Amendment of the Series A CLNs

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Zeus Capital Limited (“Zeus”), which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser and broker to the Company in connection with the matters described in this document. Persons receiving this document should note that Zeus will not be responsible to anyone other than the Company for providing the protections afforded to clients of Zeus or for advising any other person on the arrangements described in this document. Zeus has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Zeus for the accuracy of any information or opinion contained in this document or for the omission of any information.

The Company’s Ordinary Shares, partly represented by Depositary Interests, are currently admitted to trading on AIM. Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective, and dealings for normal settlement in the New Ordinary Shares will commence, at 8.00 am on 30 January 2017. The New Ordinary Shares will not be admitted to trading on any other investment exchange. The New Ordinary Shares will, on Admission, rank pari passu in all respects with the Existing Ordinary Shares and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out in Part 1 of this document and to the risk factors in Part 2 of this document.

The latest time for acceptance and payment under the Offer is 1.00 pm on 20 January 2017. The procedure for application and terms and conditions of the Offer are set out in Part 3 of this document and the Application Form. Part 4 of this document sets out the particulars of the Warrants.

This document does not constitute an offer to sell or an invitation to subscribe for, or solicitation of, an offer to subscribe for or buy Offer Shares and Warrants to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation. In particular, this document must not be taken, transmitted, distributed or sent, directly or indirectly, in, or into, the United States of America, Canada, Australia or Japan or transmitted, distributed or sent to, or by, any national, resident or citizen of such countries. Accordingly, neither the Offer Shares nor the Warrants may, subject to certain exceptions, be offered or sold, directly or indirectly, in, or into, the United States of America, Canada, Australia or Japan or in any other country, territory or possession where to do so may contravene local securities laws or regulations. The Offer Shares and Warrants have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of any state of the United States of America, any province or territory of Canada, Australia or Japan and they may not be offered or sold, directly or indirectly, within the United States of America or Canada, Australia or Japan or to or for the account or benefit of any national, citizen or resident of the United States of America, Canada or Japan or to any US person (within the definition of Regulation S made under the US Securities Act 1933 (as amended)).

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DIRECTORS, COMPANY SECRETARY AND ADVISERS

Directors	Leigh Nissim (Chief Executive Officer) Jim Wilkinson (Chairman) Gary Shaw (Executive Director) Sandeep Reddy (Non-executive Director) Alan Turner (Non-executive Director)
Company Secretary	Trilex Secretaries Limited Suite 1, Burn's House 19 Town Range Gibraltar
Registered Office	Suite 1, Burn's House 19 Town Range Gibraltar
Nominated Adviser and Broker	Zeus Capital Limited 41 Conduit Street London W1S 2YQ
Legal Advisers to the Company	K&L Gates LLP One New Change London EC4M 9AF
Registrars	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Receiving Agent	Capita Asset Services Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for the Offer	Close of Business on 20 December 2016
Posting of this document and Application Form to Qualifying Shareholders	4 January 2017
Latest time and date for acceptance of the Offer and receipt of a completed Application Form and payment in full for Ordinary Shares under the Offer or settlement of relevant CREST instruction (as appropriate)	1.00 pm on 20 January 2017
Latest time for delivery of a form of direction and letter of representation in respect of Depositary Interests	11.00 am on 24 January 2017
Latest time for delivery of a form of proxy	25 January 2017
AGM	11.00 am on 27 January 2017
Admission and commencement of dealings in the New Ordinary Shares (represented by Depositary Interests) on AIM	8.00 am on 30 January 2017
Issue of Warrants	30 January 2017
Expected date for crediting of New Ordinary Shares (represented by Depositary Interests) in uncertificated form to CREST stock accounts	30 January 2017
Despatch of share certificates in respect of New Ordinary Shares to be held in certificated form and definitive certificates for Warrants	6 February 2017

If any of the details contained in the timetable above should change, the revised times and dates will be notified by means of an announcement through a Regulatory Information Service.

All references are to London time unless stated otherwise.

CAPITAL RAISING STATISTICS

Issue Price	27.5 pence
Number of Existing Ordinary Shares in issue at the Record Date	24,102,588
Number of Series A CLNs in issue on the Record Date	4,784,689
Number of Series B CLNs in issue on the Record Date	526,315
Number of Ordinary Shares resulting from conversion of the Series A CLNs at the Conversion Price	9,876,543
Number of Ordinary Shares resulting from conversion of the Series B CLNs at the Conversion Price	1,086,420
Number of Ordinary Shares resulting from conversion of the Series A CLNs and the Series B CLNs at the New Conversion Price	32,290,909
Number of Ordinary Shares to be issued pursuant to:	
the Subscription	8,272,726
the Offer ⁽¹⁾	1,818,182
Number of Warrants to be issued ⁽¹⁾	up to 260,000,000
Enlarged Ordinary Share Capital following completion of the Subscription	32,375,314
Gross proceeds of the Subscriptions	£2,275,000
Gross proceeds of the Offer ⁽¹⁾	up to £500,000
Net cash proceeds of the Subscriptions and the Offer ⁽¹⁾	up to £2.675m

(1) Assuming the take-up in full of the Offer Shares

DEFINITIONS

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

“Accounts”	the audited statutory accounts for period ending 30 June 2016
“Act”	the Gibraltar Companies Act 2014, as amended from time to time
“Admission”	the admission of the New Ordinary Shares to trading on AIM
“AGM”	the annual general meeting of the Company to be held at 11.00 am on 27 January 2017 at K&L Gates LLP, One New Change EC4M 9AF, or any reconvened annual general meeting
“AIM”	the AIM market operated by London Stock Exchange
“AIM Rules for Companies”	the AIM Rules for Companies as published by the London Stock Exchange from time to time
“Application Form”	the enclosed application form on which Qualifying Shareholders may apply for Offer Shares under the Offer
“Board” or “Directors”	the directors of the Company as at the date of this document
“Capita”	Capita Asset Services, Receiving Agent for the Offer
“CISEA”	the CISEA market operated by the Channel Island Stock Exchange
“CLN Deferred Interest Warrants”	the CLN deferred interest warrants as defined in Clause 5 of the Letter from the Chairman
“CLN Instruments”	the £10,000,000 Series A Fixed Rate Secured Convertible Loan Note 2020 Instrument dated 28 April 2015 (as amended by an amendment deed of December 2016) and the £1,100,000 Series B Fixed Rate Secured Convertible Loan Note Instrument dated 28 April 2015 (as amended by an amendment deed dated 5 October 2015), copies of which are available on the Company’s website
“CLNs”	convertible loan notes issued pursuant to the CLN Instruments
“Company” or “Nektan”	Nektan plc
“Conversion Price”	the price at which the CLNs convert into Ordinary Shares, being 125 percent of the price at which Ordinary Shares were last issued subject to a maximum price of 209 pence each
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertified Securities Regulations 2001 (SI 2001 No. 3755), as amended
“Deed Poll”	the deed poll dated 28 October 2014 executed by the Depositary in relation to the issue of Depositary Interests by the Depositary
“Depositary”	Capita IRG Trustees Limited
“Depositary Interests”	uncertified depositary interests issued by the Depositary and representing Ordinary Shares pursuant to the Deed Poll
“Enlarged Ordinary Share Capital”	the issued ordinary share capital of Nektan immediately following completion of the Subscription
“Euroclear”	Euroclear UK & Ireland Limited
“Existing Ordinary Shares”	the 24,102,588 Ordinary Shares in issue on the Record Date

DEFINITIONS CONTINUED

“Exit”	means (i) the acquisition by any person of the entire issued share capital of the Company, or (ii) the acquisition by any person of the whole or substantially the whole of the business and undertaking of the Nektan Group
“FCA”	the Financial Conduct Authority of the UK
“FSMA”	Financial Services and Market Act 2000 (as amended)
“Group” or “Nektan Group”	Nektan plc and its subsidiaries
“London Stock Exchange”	London Stock Exchange plc
“Money Laundering Regulations”	Money Laundering Regulations 2007, the money laundering provisions of the Criminal Justice Act 1993, Part VIII of FSMA (together with the provisions of the Money Laundering Sourcebook of the FCA and the manual of guidance produced by the Joint Money Laundering Steering Group in relation to financial sector firms), the Terrorism Act 2000, the Anti Terrorism Crime and Security Act 2001, the Proceeds of Crime Act 2002 and the Terrorism Act 2006
“New Ordinary Shares”	the Subscription Shares and the Offer Shares
“New Conversion Price”	34.375 pence
“Notice” or “Notice of the AGM”	the enclosed notice of AGM
“Offer”	the conditional invitation made to Qualifying Shareholders to apply to subscribe for Offer Shares and Warrants at the Offer Price on the terms and subject to the conditions set out in Part 3 of this document and in the Application Form
“Offer Price”	27.5 pence per Offer Share
“Offer Shares”	up to 1,818,182 new Ordinary Shares, the subject of the Offer
“Ordinary Shares”	ordinary shares of 1 pence each in the capital of the Company
“Overseas Shareholders”	a Shareholder with a registered address outside the United Kingdom
“Qualifying Shareholders”	holders of Existing Ordinary Shares on the register of members of the Company at the Record Date (but excluding any Overseas Shareholder who has a registered address in the United States of America or any Restricted Jurisdiction)
“Receiving Agent”	Capita Asset Services
“Record Date”	COB on 20 December 2016
“Registrars” or “Capita Asset Services”	a trading name of Capita Registrars Limited, a private limited company incorporated in England and Wales with the registered number 2605568 whose registered address is at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU
“Regulatory Information Service”	has the meaning given in the AIM Rules for Companies
“Relationship Agreement”	the relationship agreement between, inter alia, the Company, Gary Shaw, VTA Limited and Disruptive Tech Limited, summary details of which are set out in the Company’s Admission Document dated 29 October 2014
“Resolutions”	the resolutions to be proposed at the AGM, as set out in the Notice
“Respin”	Respin LLC, the Company’s US joint venture

“Restricted Jurisdiction”	New Zealand, Canada, Australia, Japan or any other jurisdiction in which the Offer is unlawful or requires the Offer to be approved by, or registered with a regulatory body
“Securities Act”	US Securities Act of 1933 (as amended)
“Series A CLNs”	the 4,784,689 convertible loan notes issued pursuant to the £10,000,000 Series A Fixed Rate Secured Convertible Loan Note 2020 Instrument dated 28 April 2015 (as amended)
“Series B CLNs”	the 526,315 convertible loan notes issued pursuant to the £1,100,000 Series B Fixed Rate Secured Convertible Loan Note 2020 Instrument dated 28 April 2015 (VCT) (as amended)
“Shareholders”	the holders of Existing Ordinary Shares
“Subscription” or “Subscriptions”	the firm subscription by certain investors and Shareholders (or their associated investment vehicles) for the Subscription Shares and pro rata Warrants at the Subscription Price
“Subscription Price”	27.5 pence per Subscription Share
“Subscription Shares”	8,272,726 new Ordinary Shares, the subject of the Subscription
“UK”	the United Kingdom of Great Britain and Northern Ireland
“United States”, “United States of America” or “US”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all areas subject to its jurisdiction
“VTA”	Venture Tech Assets Limited, a company that is controlled by Sandeep Reddy
“Warrants”	warrants to subscribe for Ordinary Shares at a price per Ordinary Share of 1 pence with limited exercise conditions, the particulars of which are detailed in Part 4 of this document
“Warrant Instrument”	the instrument creating the Warrants

PART 1 – LETTER FROM THE CHAIRMAN

NEKTAN PLC

(incorporated in Gibraltar and registered with number 105853)

Directors:	Registered Office:
Leigh Nissim (Chief Executive Officer)	
Sandeep Reddy (Non-executive Director)	Suite 1
Gary Shaw (Executive Director)	Burn's House
Alan Turner (Non-executive Director)	19 Town Range
James Wilkinson (Chairman)	Gibraltar

Dear Shareholder

4 January 2017

Firm subscription of 8,272,726 new Ordinary Shares at 27.5 pence per share and pro rata limited exercise Warrants and Offer for subscription of up to 1,818,182 new Ordinary Shares at 27.5 pence per share and pro rata limited exercise Warrants

1. Introduction

The Board was pleased to announce at the end of December 2016 that the Company had received commitments to subscribe for 8,272,726 Subscription Shares at an issue price of 27.5 pence per share, raising approximately £2.275 million. In addition, the Board announced that the Company intended to offer up to 1,818,182 Offer Shares, being an aggregate amount of £500,000, for subscription by Qualifying Shareholders, at the Offer Price. The Company will grant to each subscriber of New Ordinary Shares a pro rata number of anti-dilution limited exercise Warrants to subscribe for Ordinary Shares (exercisable at a price of 1 pence per Ordinary Share) for each New Ordinary Share subscribed under the Subscription and/or Offer (rounded down to the nearest whole number of Warrants). The purpose of this Circular is to set out the terms of, and invite Qualifying Shareholders to participate in, the Offer and to convene the Annual General Meeting. The Annual Report and Accounts of the Company have been posted on the Company website today.

2. Background to the fundraising

As announced in the Group's preliminary results statement at the end of December 2016, during FY 2016 the Company experienced strong growth in its key indicators of net gaming revenues and total cash bets. Management actions also saw costs in the Group reduce substantially. The Company has indicated that trading post year end has shown an acceleration of growth with Q1 FY 2017 NGR increasing to £2.1m (£1.9m in Q4 FY 2016) and total cash wagering increasing to £65.9m (£51.2m Q4 FY 2016). However, a number of factors have contributed to it taking longer to reach EDITDA break even than anticipated at the time of the fundraising in March of this year and the business has continued to be loss making.

The sale by the Company in August of three gaming brands for £1.95 million and the recent marked improvement in trading have ensured the Company has remained funded during the period following the year end. However, as previously notified, the Group has significant payments to its partners as well as experiencing significant periodic cash outflows relating to, inter alia, quarterly payments of gaming revenue taxes. The Directors have therefore been continuing to assess the Group's financing options. These have included seeking new investors, debt finance or other financial support from key stakeholders for the Group; seeking a strategic partner; or seeking to realise value from its trading assets.

Having considered the funding options, and taking the continuing short term cash requirements of the Company into consideration, the Board decided to undertake a subscription from investors that include many of the key stakeholders in the business, including certain Directors. The Board also considered it important that all Shareholders have the opportunity to participate in the fundraising on the same terms and so, as announced at the end of December 2016, the Company will make an offer to subscribe for shares to Qualifying Shareholders on the register at the Record Date. As set out in the announcement at the end of December 2016, the Board has also reduced the Company's cash outflows by reaching an agreement with the holders of the Series A Fixed Rate Convertible Loan Notes to be able, at the Company's request, to defer the interest until 2020.

The Subscriptions and the Offer are therefore intended to address the near term working capital requirements and to generally strengthen the balance sheet. However, the funds being raised from the Subscription and Offer are not expected to provide the long term funding required by the Company and, without undertaking alternative corporate transactions, the Board considers it likely the Company will need to undertake an additional fundraising.

3. The Subscription

The Company proposes to issue, conditional on the passing of the Resolutions at the AGM, up to 8,272,726 Subscription Shares, and up to 212,000,000 Warrants pro rata to their subscription amounts, raising approximately £2.275 million.

4. The Offer

The Directors consider it important that Qualifying Shareholders have an opportunity to participate in the fundraising at the same price as the Subscription. Shareholders should note however, the statements made by the Directors as regards the Company's continuing capital requirements and, in particular, as regards the sufficiency of working capital included in section 7 below, headed "use of proceeds and working capital".

Qualifying Shareholders are being invited to subscribe for Offer Shares with an aggregate value of £500,000. The Board have discretion to scale back requests to participate in the Offer should they in total exceed the £500,000 allocated to satisfy demand from Qualifying Shareholders.

Qualifying Shareholders will be entitled therefore in aggregate to subscribe for up to 1,818,182 Offer Shares, subject to a minimum aggregate subscription amount of £10,000 for each participating Qualifying Shareholder. The Directors will have the discretion to scale back applications to the extent that aggregate applications exceed 1,818,182 Ordinary Shares. In addition, Qualifying Shareholders would receive their pro rata entitlement of up to 48,000,000 limited exercise Warrants.

5. CLNs

On 28 April 2015, the Company executed a loan note instrument which constituted up to £10,000,000 of Series A CLNs and a loan note instrument which constituted up to £1,100,000 of Series B CLNs each with an issue price of 209 pence. The Series A CLNs mature on 29 April 2020 and have a coupon rate of 10 percent attached to them. They are convertible into Ordinary Shares at any time prior to the maturity date, at the option of the holder of the CLNs on 30 days' notice and in aggregate amounts of no less than £20,000, at a price per CLN which is 125 percent of the price at which Ordinary Shares were last issued by the Company prior to the request for conversion of the CLNs into Ordinary Shares, subject to a maximum price of 209 pence each (the "Conversion Price").

There are 4,784,689 Series A CLNs which currently convert into 9,876,543 Ordinary Shares at a Conversion Price of 101.25 pence. There are also 526,315 Series B CLNs which currently convert into 1,086,420 Ordinary Shares at a Conversion Price of 101.25 pence. The issuance of New Ordinary Shares at the Subscription Price will rebase the Conversion Price for the CLNs to 34.375 pence (the "New Conversion Price") which would result, on conversion of the Series A CLNs and Series B CLNs, in the issue of 32,290,909 Ordinary Shares.

The Company is amending the terms of the Series A CLNs so that: (a) the Company has the right to defer the interest on the Series A CLNs until 2020, with the Company having the option quarterly to restart interest payments. If the Company exercises its right to defer interest, the Series A CLN holders will be granted a warrant to buy Ordinary Shares at the lowest prevailing equity issue price per share up to the value of the interest so deferred prior to the redemption date (the "CLN Deferred Interest Warrants"); (b) Ordinary Shares issued pursuant to the exercise of CLN Deferred Interest Warrants will not rebase the Conversion Price; and (c) the Company will be able to opt to repay the Series A CLNs on any date after 30 April 2019 and prior to the end of the term.

For the avoidance of doubt, the New Conversion Price is not fixed and will increase or decrease depending on the future issue price of Ordinary Shares, save that the exercise of warrants granted to defer interest or to provide anti-dilution protection under the Subscription and Offer will not rebase the Conversion Price.

6. Dilution

The issue of the Subscription Shares and the Offer Shares would, assuming that all Series A CLNs and Series B CLNs are converted at the New Conversion Price, mean that Qualifying Shareholders who do not participate in the Subscription or Offer will be subject to a dilution of 89.6 percent to their interests in the Company.

7. Use of proceeds and working capital

The funds raised by the Subscription of £2.275 million (not including any funds to be raised under the Offer) will be used by the Company to support the near term working capital requirements of its operations.

PART 1 – LETTER FROM THE CHAIRMAN CONTINUED

The Company's business model sees it receive net gaming revenues in cash on a monthly basis, and, as stated in the preliminary results announcement at the end of December 2016, these have been growing significantly in line with its business activities since year end. In addition, the Directors have taken, and are continuing to take, action to significantly reduce the Company's fixed cost base including deferral of the majority of the convertible loan note interest. Nevertheless, the Group has significant payments to its partners as well as experiencing significant periodic cash outflows relating to, inter alia, quarterly payments of gaming revenue taxes and it also has further scheduled investments into Respin within the next 12 months. These and a number of other factors have contributed to it continuing to be loss making.

In addition to the receipt of the net proceeds of the Subscriptions and any proceeds from the Offer, the Directors will need to seek additional capital from corporate actions or, if required, further possible fundraises. Subject to receipt of such additional funding and provided the Company continues to perform in line with the Directors' expectations, the Directors expect to be able to manage the Company's working capital during these key periods.

However, should funds from corporate actions prove more difficult than anticipated then the Company would need to seek alternative additional funds and, notwithstanding any corporate actions, the Company may require further funds should revenues be less than, or costs exceed the Board's expectations.

The Directors are therefore continuing to assess the Company's financing options, in addition to the Offer. These options include seeking a strategic partner; seeking to realise value from its trading assets; seeking new investors; debt finance or other financial support from key stakeholders for the Group.

As the Subscription and the Offer are conditional, inter alia, upon the passing by Shareholders of the Resolutions at the AGM, Shareholders should be aware that, if the Resolutions are not passed and Admission does not take place, the proceeds of the Subscription will not be received by the Company. In addition, the Offer will not proceed. In such circumstances, the Company would need urgently to pursue additional or alternative funding sources. There would be no certainty of the terms under which alternative financing would be made available. Failing to receive such additional funding could see the Company go into receivership, liquidation or administration.

8. Principal terms of the Offer

Pursuant to the Offer, a total of up to 1,818,182 Offer Shares at the Offer Price, payable in full on acceptance, are available to Qualifying Shareholders, subject to a minimum aggregate subscription per participating Qualifying Shareholder of £10,000 and a maximum aggregate value of £500,000.

If the aggregate amount of Offer Shares applied for by Qualifying Shareholders exceeds £500,000, the Board may scale back applications under the Offer to raise the maximum of £500,000 under the Offer in order to get to a total sum raised of £2.775 million between the Subscription and the Offer.

The Offer Shares must be paid in full on application. The latest time and date for receipt of a completed Application Form is 1.00 pm on 20 January 2017.

For each Offer Share subscribed for by Qualifying Shareholders, they will receive their pro rata entitlement to a number of limited exercise Warrants.

Not all Shareholders will be Qualifying Shareholders. Shareholders who are located in, or are citizens of, or have a registered office in certain overseas jurisdictions will not qualify to participate in the Offer. The attention of Overseas Shareholders is drawn to paragraph 6 of Part 3 of this document.

Further details of the Offer and the terms and conditions on which it is being made, including the procedure for application and payment, are contained in Part 3 of this document, on the accompanying Application Form and in the articles of association of the Company.

The Subscription and the Offer are conditional only on the passing of the Resolutions at the AGM, the admission of the New Ordinary Shares (represented by Depositary Interests) to AIM occurring not later than 8.00 am on 30 January 2017 (or such later time and/or date as the Company may agree being no later than 8.00 am on 13 February 2017).

Accordingly, if these conditions are not satisfied or waived (where capable of waiver), the Subscription and the Offer will not proceed and the New Ordinary Shares will not be issued and all monies received by the Company and Capita will be returned to the applicants (at the applicants' risk and without interest) as soon as possible thereafter.

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

Application will be made to the London Stock Exchange for the New Ordinary Shares (represented by Depositary Interests) to be admitted to trading on AIM. It is expected that Admission and trading will occur and that dealings will commence at 8.00 am on 30 January 2017.

9. Overseas Shareholders

The attention of Qualifying Shareholders who have registered addresses outside the United Kingdom, or who are citizens or residents of countries other than the United Kingdom, or who are holding Existing Ordinary Shares for the benefit of such persons, (including, without limitation, custodians, nominees, trustees and agents) or who have a contractual or other legal obligation to forward this document or the Application Form to such persons, is drawn to the information which appears in paragraph 6 of Part 3 of this document.

In particular, Qualifying Shareholders who have registered addresses in or who are resident in, or who are citizens of, countries other than the UK (including without limitation the United States of America), should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to participate in the Offer.

10. Risk Factors

The attention of Shareholders is drawn to the risk factors set out in Part 2.

11. Related party transactions

Gary Shaw, Jim Wilkinson, Leigh Nissim and Sandeep Reddy have, either directly or through their associated companies, the following holdings of 4,693,804, 120,138, 0 and 3,249,555 Ordinary Shares respectively (representing 19.5 percent, 0.5 percent, 0 percent and 13.5 percent of the Company's Existing Ordinary Shares respectively). Gary Shaw, Jim Wilkinson, Leigh Nissim and Sandeep Reddy, either directly or through their associated companies, have agreed with the Company to subscribe for 636,363, 181,818, 90,909 and 3,181,818 Subscription Shares and the applicable Warrants respectively. As Directors of the Company, their participation in the Subscription constitutes a "related party transaction" under the AIM Rules for Companies.

Together, Gary Shaw, Jim Wilkinson, Leigh Nissim and Sandeep Reddy are the "Related Parties". Alan Turner (the "Independent Director") considers, having consulted with the Company's nominated adviser, Zeus Capital, that the terms on which the Related Parties are participating in the Subscription are fair and reasonable insofar as the Company's Shareholders are concerned.

12. Annual General Meeting and Accounts

Enclosed with this document you will find a notice convening the AGM at which the Resolutions will be proposed by the Directors. The Resolutions grant the relevant authorities to proceed with the Subscription and the Offer, as well as variously providing authorities for the issue of the Warrants, the CLN Deferred Interest Warrants, further Ordinary Shares, in case any further fundraisings are required, the conversion of the CLNs and the standard authorities and disapplication of pre-emption rights. In some cases the authorities appear very large. The reason for this is that in order for them to be effective they must cover the theoretical maximums that may be required all the way down to the nominal value of the Ordinary Shares.

The Accounts, which will be laid before the AGM, have been posted on the Company's website today.

The Directors are of the opinion that the Subscription and the Offer and the amendments to the Series A CLNs are in the best interest of the Company and its Shareholders as a whole.

In addition, the Directors unanimously recommend that you vote in favour of the Resolutions. Each of the Directors or their connected parties has irrevocably undertaken to vote in favour of the Resolutions in respect of, in aggregate, 8,063,497 Existing Ordinary Shares, representing approximately 33.5 percent of the Ordinary Shares in issue as at the date of this letter.

Further, significant shareholders have irrevocably undertaken or committed to vote in favour of the Resolutions in respect of, in aggregate, 8,739,679 Existing Ordinary Shares, representing approximately 36.3 percent of the Ordinary Shares in issue as at the date of this letter.

PART 1 – LETTER FROM THE CHAIRMAN CONTINUED

As the Subscription and the Offer are conditional, inter alia, upon the passing by Shareholders of the Resolutions at the AGM, Shareholders should be aware that, if the Resolutions are not passed and Admission does not take place, the proceeds of the Subscription will not be received by the Company. In addition, the Offer will not proceed. In such circumstances, the Company would need urgently to pursue additional or alternative funding sources which, if they are available at all, may be expensive and/or onerous for the Company. Failing to receive such additional funding could see the Company go into receivership, liquidation or administration.

13. Action to be taken

Qualifying Shareholders wishing to apply for Offer Shares must complete the enclosed relevant Application Form in accordance with the instructions set out in paragraph 3 of Part 3 of this document and return it with appropriate payment to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive as soon as possible and in any event no later than 1.00 pm on 20 January 2017.

If you do not wish to apply for any Offer Shares, you should not complete or return the Application Form.

Jim Wilkinson

Chairman

4 January 2017

PART 2 – RISK FACTORS

Before deciding whether to invest in the Offer Shares, Qualifying Shareholders should carefully consider the risk factors set out below in addition to the other information contained in this document. The Directors consider the following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not purport to comprise all those risks associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors may also have an adverse effect on the Company's business.

The Company's performance may be materially and adversely affected by changes in the market and economic conditions and by changes in the laws and regulations (including tax law and regulations) relating to, or affecting, the Company or the interpretation of such laws and regulations. If any of the following risks actually occur, the Company's business, financial condition, capital resources, results or future operations could be materially adversely affected. In this event, the price of the Ordinary Shares could decline and investors may lose all or part of their investment.

The investment offered in this document may not be suitable for all of its recipients. Before making an investment decision, prospective investors should consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities. A prospective investor should consider carefully whether an investment in the Company is suitable for him/her in the light of his/her personal circumstances and the financial resources available to him/her.

1. BUSINESS RISKS

1.1 Commercial risk

The success of the Group's services is dependent on the strength of its white label partners' brands and the effectiveness of their marketing. If its partners do not invest in the marketing of the Group's services or do not market effectively, the amount of revenue generated by customers of those products is likely to be low.

1.2 Additional capital and dilution

The Group is likely to require additional capital to pursue its growth strategy (including funding Respin) and/or to reach a stable EBITDA break-even monthly run rate.

If the Group is unable to obtain this financing on terms acceptable to it then it may be forced to curtail its development, including the funding of Respin. If additional funds are raised through the issue of new equity or equity-linked securities of the Company other than on a pro rata basis to existing Shareholders, the percentage ownership of such existing Shareholders may be substantially diluted. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for new Ordinary Shares at the same price as 27.5 pence or higher.

1.3 Technical risk

As a provider of online gambling services, the Group's business is reliant on technology and advanced information systems. If the Group does not invest in the maintenance and further development of its technology systems, there is a risk that these systems may not cope with the needs of the business and may fail. As a result, the customer's experience of the Group's products and services will suffer and this would result in damage to the Group's reputation and financial performance.

The Group's business is vulnerable to activities such as distributed denial of service attacks and other forms of cyber-crime such as hacking. The Group is also subject to a wide range of malicious viruses that may affect and cause damage to not only its systems but also the systems of its partners and customers. Such activities can disrupt the operation of the Group, cause system failures and business disruption, damage the Group's and/or its partners' and customers' hardware and software systems, and lead to the loss of data held by the Group.

1.4 Competition

The online gambling and social gaming markets are becoming increasingly competitive as the popularity and sophistication of mobile technology rises. As a result, the Group must continue to develop its products and services and maintain its reputation within the market in order to avoid losing customers and market share to existing and/or new competitors.

Many of the Group's competitors have financial resources, customer bases, businesses or other resources, which give them significant competitive advantages over the Group. This competitive advantage would be intensified further if two or more of the Group's competitors were to merge to compete more effectively against the Group.

Competitors, potential competitors and customers may develop technologies and software that are less costly and/or more effective than the technology or software of the Group or which may make those of the Group obsolete or uncompetitive.

PART 2 – RISK FACTORS CONTINUED

1.5 Legal and regulatory risks

Failure to comply with the terms of the Group's existing or future gambling licences may lead to penalties, sanctions or ultimately the revocation of relevant operating licences. Moreover, the laws and regulations governing remote gambling are highly complex, vary greatly from jurisdiction to jurisdiction and are constantly evolving. Any changes to the laws and regulations may have a material adverse effect on the Group's ability to comply and therefore the Group's business and operations. There are often differences between the activities and types of games that are permitted to be offered, the technical requirements and restrictions which apply to those games, the manner and extent to which they can be marketed and other conditions of operation imposed in different jurisdictions: there can be no guarantee that the Company's offering will be compatible with all the regulations of current territories and any it may wish to expand into in the future.

1.6 Fraud

Online transactions, and in particular online gambling transactions, may be subject to sophisticated schemes or collusion to defraud, launder money or other illegal activities. Whilst the Group has implemented policies and procedures designed to minimise the risk of fraud and money laundering, including conducting anti-money laundering checks on its customers, there is a risk that the Group's products or systems may be used for those purposes by its customers.

1.7 Intellectual property protection

Nektan cannot be certain that the steps the Group has taken to protect its intellectual property rights will be adequate or that third parties will not infringe its rights. There is a risk that future applications for intellectual property rights will not be successful and that any intellectual property rights will be challenged or declared invalid or unenforceable.

Furthermore, there can be no assurance that others have not developed or will not develop similar software, duplicate any of the Group's software and technologies or design around any pending intellectual property applications or intellectual property rights (if any) subsequently granted to the Group. Other persons may hold or receive trademarks which are similar in scope.

1.8 Force majeure

The economics of the Company's projects may be adversely affected by risks outside the control of the Company, including labour unrest, civil disorder, war, subversive activities, sabotage, fires, floods, acts of God, explosions or other catastrophes or epidemics.

1.9 Uninsured risks

Although the Company proposes to maintain insurance which the Directors consider to be appropriate, there may be circumstances where the Company's insurance will not cover or be adequate to cover the consequences of certain events. Moreover, there can be no assurance that the Company will be able to maintain adequate insurance in the future at rates the Directors consider reasonable. Thus, the Company may become subject to liability for hazards which cannot be insured against or against which it may elect not to be insured because of high premium costs or other commercial reasons. There can be no assurance that the Company will be able to obtain insurance at reasonable rates (or at all) or that any coverage it obtains will be adequate and available to cover any such claims.

1.10 Significant shareholders

Gary Shaw holds 19.5 percent of the Ordinary Shares, VTA holds 13.5 percent of the Ordinary Shares and DTNH Limited holds 13.33 percent of the Ordinary Shares prior to the Subscription and Offer. Subject to the Articles, applicable laws and regulations and the Relationship Agreement, Gary Shaw, VTA and DTNH Limited may be able to exercise significant influence over all matters requiring Shareholders' approval, including the composition of the Board, the timing and amount of dividend payments and the approval of general corporate transactions. The Relationship Agreement acts as a form of minority shareholder protection, with a series of commitments from Gary Shaw, VTA and DTNH Limited to prevent undue significant influence being exercised. However, there is no allowance that all possible outcomes are covered, and therefore the expected level of rights and protections of Shareholders may not be applicable. Investors should be aware that the City Code on Takeovers and Mergers published by the Takeover Panel is not applicable to the Company, and therefore the rights and protections of Shareholders may be less than if it were applicable to the Company.

1.11 Currency fluctuations could materially adversely affect the Company's results

The Group conducts certain parts of its business overseas in currencies other than Sterling, chiefly US Dollars and Euros, and as such its financial performance is subject to the effects of fluctuations in foreign exchange rates. The Group does not currently engage in any currency hedging.

Foreign revenues are also subject to special risks that may disrupt markets, including the risk of war, terrorism, civil disturbances, embargo and government activities. Revenue generating activities in certain foreign countries may require prior governmental approval in the form of an export licence and otherwise be subject to tariffs and import/export restrictions. There can be no assurance that the Company will not experience difficulties in connection with future foreign revenues and, in particular, adverse effects from foreign currency fluctuations.

1.12 Commercial contracts

The Group's joint venture partner within Nektan Marketing Services Limited ("NMS") has a put option requiring the Group to buy the 50% it does not own for a price based, inter alia, on a multiple of the profits and revenues for the preceding 12 months. The Directors currently do not believe that this put option would be exercised within the next 12 months. If the joint venture partner did elect to exercise the put option within the next 12 months the Group would be required to raise further finance to be able to meet this liability which based on the Directors current best estimates and dependant on a number of factors could be in the region of £4.0m.

2. RISKS RELATING TO THE NEW SHARES

2.1 Investment risk and AIM

The New Ordinary Shares will be quoted on AIM. The liquidity in the AIM market for the Company's securities cannot be guaranteed. Investors should be aware that the value of the New Ordinary Shares may be volatile and may go down as well as up and investors may, therefore, not recover their original investment if trading the New Ordinary Shares.

The market price of the New Ordinary Shares may not reflect the underlying value of the Company. It could be subject to significant fluctuations due to a change in investor sentiment regarding the Company or in response to various facts and events, including variations in the Company's interim or full year operating results and business developments of the Company and/or its competitors. The price at which investors may dispose of their New Ordinary Shares may be influenced by a number of factors, some of which may relate to the Company, and others of which are not specific to the Company. On any disposal investors may realise less than the original amount invested.

In addition, the potential dilutive effect of the exercise price of the Warrants, the CLN Deferred Interest Warrants and CLN conversion price need to be taken into account.

2.2 No guarantee that the Company's Shares will continue to trade on AIM

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

Investors should therefore consider carefully whether investment in the Company is suitable for them, in light of the risk factors outlined above, their personal circumstances and the financial resources available to them.

These potential risks do not necessarily comprise all those faced by the Company and are not intended to be presented in any order of priority.

PART 3 – TERMS AND CONDITIONS OF THE OFFER

INTRODUCTION

As explained in the letter from the Chairman set out in Part 1 of this document, the Company is proposing to raise up to £2.775 million by way of the Subscription and Offer.

The purpose of this Part 3 is to set out the terms and conditions of the Offer. Up to 1,818,182 New Ordinary Shares will be issued through the Offer, plus up to 48,000,000 limited exercise warrants. Qualifying Shareholders are being offered the right to subscribe for Offer Shares in accordance with the terms of the Offer.

An Application Form is being sent with this circular.

The latest time and date for receipt of the completed Application Form and payment in full under the Offer is expected to be 1.00 pm on 20 January 2017. Admission and commencement of dealings in Offer Shares to AIM is expected to take place at 8.00 am on 30 January 2017.

This document and the Application Form contain the formal terms and conditions of the Offer. Your attention is drawn to paragraph 2 of this Part 3 “Conditions and further terms of the Offer” and paragraph 3 of this Part 3 “Procedure for application and payment” which give details of the procedure for application and payment for the Offer Shares.

1. The Offer

Subject to the terms and conditions set out below, in the Application Form, Qualifying Shareholders are being given the opportunity under the Offer to subscribe for up to 1,818,182 Offer Shares at the Offer Price. For each £1 invested by a Qualifying Shareholder in Offer Shares they will receive a number of pro rata limited exercise Warrants (rounded down to the nearest whole number of Warrants), subject to a minimum aggregate subscription amount per participating Qualifying Shareholder of £10,000.

If applications under the Offer are received for more than the total number of Offer Shares available, such applications may be allocated in such manner as the Directors may determine in their absolute discretion and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all.

The attention of Overseas Shareholders is drawn to paragraph 6 of this Part 3.

The Offer Shares will when issued, rank pari passu in all respects with the Existing Ordinary Shares. The Offer Shares are not being made available in whole or in part to the public except under the terms of the Offer.

2. Conditions and further terms of the Offer

The Offer is conditional only on the passing of the Resolutions at the AGM and the Admission of the New Ordinary Shares (represented by Depositary Interests) to AIM occurring not later than 8.00 am on 30 January 2017 (or such later time and/or date as the Company may agree being no later than 8.00 am on 13 February 2017).

Accordingly, if these conditions are not satisfied or waived (where capable of waiver), the Offer will not proceed and any applications made by Qualifying Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant’s sole risk), without payment of interest, as soon as practicable thereafter.

Definitive share certificates in respect of Offer Shares taken up are expected to be posted to Qualifying Shareholders who choose to subscribe for New Ordinary Shares by 6 February 2017.

In respect of those Qualifying Shareholders who have validly elected to hold their Offer Shares in uncertificated form, the Offer Shares (represented by Depositary Interests) are expected to be credited to their stock accounts maintained in CREST on 30 January 2017.

Applications will be made for the Offer Shares to be admitted to trading on AIM. Admission is expected to occur on 30 January 2017, when dealings in the Offer Shares are expected to begin.

All monies received by Capita Asset Services in respect of Offer Shares will be credited to a non-interest bearing account by Capita Asset Services.

If for any reason it becomes necessary to adjust the expected timetable as set out in this document, the Company will notify the London Stock Exchange and make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

3. Procedure for application and payment

(a) General

Subject to paragraph 6 of Part 3 “Terms and Conditions of the Offer” in relation to Overseas Shareholders, Qualifying Shareholders will receive an Application Form in respect of Offer Shares.

Applications to acquire Offer Shares may only be made on the requisite Application Form and may only be made by the Qualifying Shareholder. The Application Form may not be sold, assigned, transferred or split. The Application Form is not a negotiable document and cannot be separately traded.

Qualifying Shareholders wishing to apply to acquire Offer Shares should complete the Application Form in accordance with the instructions printed on it.

Where a shareholder is making payment, an Application Form must be completed and returned to Capita Asset Services in all cases.

A completed Application Form should be returned by post or by hand (during normal business hours only) to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by Capita Asset Services by no later than 1.00 pm on 20 January 2017. Qualifying Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. Multiple applications will not be accepted. If an Application Form is being sent by first-class post in the UK, Qualifying Shareholders are recommended to allow at least four Business Days for delivery.

The Company may in its sole discretion, but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Offer. The Company further reserves the right (but shall not be obliged) to accept either:

- (i) Application Forms and remittances received after 1.00 pm on 20 January 2017; or
- (ii) applications in respect of which remittances are received before 1.00 pm on 20 January 2017 from authorised persons (as defined in FSMA) specifying the Offer Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days.

(b) Payments

All payments must be in pounds Sterling and made by cheque or banker’s draft made payable to “Capita Registrars Limited RE: Nektan OFS A/C”. Cheques or banker’s drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker’s drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third party cheques may be accepted where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the cheque or draft to confirm that the relevant Qualifying Shareholder has title to the underlying funds. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted.

Cheques or banker’s drafts will be presented for payment upon receipt. The Company reserves the right to instruct Capita Asset Services to seek special clearance of cheques and banker’s drafts to allow the Company to obtain value for remittances at the earliest opportunity (and withhold indefinitely pending clearance thereof). No interest will be paid on payments. It is a term of the Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker’s drafts sent through the post will be sent at the risk of the applicant. Payments via CHAPS, BACS or electronic transfer will be accepted. If cheques or banker’s drafts are presented for payment before the conditions of the Offer are fulfilled, the application monies will be credited to a non-interest bearing account by Capita Asset Services. If the Offer does not become unconditional, no Offer Shares will be issued and all monies will be returned by cheque or, if you paid by electronic transfer, to the account from which the application monies were sent (at the applicant’s sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Offer.

PART 3 – TERMS AND CONDITIONS OF THE OFFER CONTINUED

If Offer Shares have already been issued to a Qualifying Shareholder and such Qualifying Shareholder's cheque or banker's draft is not honoured upon first presentation or such Qualifying Shareholder's application is subsequently otherwise deemed to be invalid, Capita Asset Services shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements, on behalf of the Company, for the sale of such Qualifying Shareholder's Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of Capita Asset Services or the Company nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Shareholders.

(c) Incorrect Sums

If an Application Form encloses a payment for an incorrect sum, the Company through Capita Asset Services reserves the right:

- (i) to reject the application in full and return the cheque or banker's draft or refund the payment to the Qualifying Shareholder in question, without payment of interest; or
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Offer Shares and pro rata Warrants as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum to the Qualifying Shareholder in question, save that any sums of less than £1 will be retained for the benefit of the Company; or
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all of the Offer Shares and pro rata Warrants referred to in the Application Form, refunding any unutilised sums to the Qualifying Shareholder in question, without payment of interest, save that any sums of less than £1 will be retained for the benefit of the Company.

If you wish to pay by electronic transfer, payments must be made by CHAPS or SWIFT in Sterling. Details of the bank being instructed to make such electronic transfer must be entered in Box 5B of the Application Form. Payments in electronic form must come from a UK bank account and from a personal account in the name of the individual investor where they have sole or joint title to the funds. The account name should be the same as that shown in Box 2 of the Application Form. Payments must relate solely to your Application. Applicants must ensure that they remit sufficient funds to cover any charges incurred by their bank. The payment instruction relating to the electronic transfer must also include a unique reference comprising your name and a contact telephone number which should be entered in the reference field on the payment instruction, for example: MJ Smith 01234 5678910. The Receiving Agent cannot take responsibility for correctly identifying payments without a unique reference nor where a payment has been received but without an accompanying Application Form.

For any electronic transfer made the shareholder needs to send in a certified copy of their passport and a recent bank statement to show source of funds.

All monies received by Capita Asset Services in respect of Offer Shares will be held in a separate account by Capita Asset Services.

(d) Applications for in excess of 1,818,182 Offer Shares

If applications are received for in excess of 1,818,182 Offer Shares and pro rata Warrants and the Directors exercise their rights to scale back applications accordingly, each applicant whose application has been scaled back will be refunded the amount they have paid for any Offer Shares they are not issued, without payment of interest and at the applicant's own risk.

(e) Effect of application

All documents and remittances sent by post by, to, from, or on behalf of or to an applicant (or as the applicant may direct) will be sent entirely at the applicant's own risk. By completing and delivering an Application Form the applicant:

- (i) represents and warrants to the Company that he has the right, power and authority, and has taken all action necessary, to make the application under the Offer and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with the Company that all applications under the Offer and contracts resulting therefrom, and any non-contractual obligations related thereto, shall be governed by and construed in accordance with the laws of England;

- (iii) confirms to the Company that in making the application he is not relying on any information or representation in relation to the Company other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all information in relation to the Company contained in this document (including information incorporated by reference);
- (iv) represents and warrants to the Company that he is the Qualifying Shareholder originally entitled to participate in the Offer;
- (v) requests that the Offer Shares to which he will become entitled to have issued to him will be issued on the terms set out in this document and the Application Form;
- (vi) represents and warrants to the Company that he is not, nor is he applying on behalf of any person who is, in the United States or is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of the United States of America, any Restricted Jurisdiction or any other jurisdiction in which the application for Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Offer Shares which are the subject of his application in the United States or to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of the United States of America, any Restricted Jurisdiction or any other jurisdiction in which the application for Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Offer Shares under the Offer;
- (vii) represents and warrants to the Company that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in sections 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986; and
- (viii) confirms that in making the application he is not relying and has not relied on the Company or any person affiliated with the Company in connection with any investigation of the accuracy of any information contained in this document or his investment decision.

If Qualifying Shareholders have any queries or questions relating to this document, the completion and return of the Application Form, on the procedure for acceptance and payment, they should contact Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am - 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

4. Money Laundering Regulations Holders of Application Forms

To ensure compliance with the Money Laundering Regulations, Capita Asset Services may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the "verification of identity requirements"). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of Capita Asset Services. In such case, the lodging agent's stamp should be inserted on the Application Form.

The person lodging the Application Form with payment and in accordance with the other terms as described above (the "acceptor"), including any person who appears to Capita Asset Services to be acting on behalf of some other person, accepts the Offer in respect of such number of Offer Shares as is referred to therein (for the purposes of this paragraph 4 the "relevant Offer Shares") shall thereby be deemed to agree to provide Capita Asset Services with such information and other evidence as Capita Asset Services may require to satisfy the verification of identity requirements.

PART 3 – TERMS AND CONDITIONS OF THE OFFER CONTINUED

If Capita Asset Services determines that the verification of identity requirements apply to any acceptor or application, the relevant Offer Shares (notwithstanding any other term of the Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. Capita Asset Services is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither Capita Asset Services nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST account. If, within a reasonable time following a request for verification of identity, Capita Asset Services has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Offer will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn or, if made by electronic transfer, to the account from which the application monies were sent.

Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company and Capita Asset Services from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

The verification of identity requirements will not usually apply:

- (i) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on prevention of the use of the financial system for the purpose of money laundering (no.91/308/EEC));
- (ii) if the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- (iii) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or
- (iv) if the aggregate subscription price for the Offer Shares is less than €15,000 (approximately £12,000).

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (a) if payment is made by cheque or banker's draft in Sterling drawn on a branch in the United Kingdom of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques, should be made payable to "Capita Registrars Limited RE: Nektan OFS A/C" in respect of an application by a Qualifying Shareholder and crossed "A/C Payee Only". Third party cheques may be accepted where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the cheque/banker's draft to such effect. The account name should be the same as that shown on the Application Form. Where electronic transfer is being made the investor must provide a certified copy of their passport and a recent bank statement;
- (b) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (i) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force, the agent should provide with the Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to Capita Asset Services. If the agent is not such an organisation, it should contact Capita Asset Services at Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

To confirm the acceptability of any written assurance referred to in (b) above, or in any other case, the acceptor should contact Capita Asset Services on 0371 664 0321 between 9.00 am and 5.30 pm Monday to Friday, excluding public holidays in England and Wales. Calls are charged at the standard geographic rate and will vary by provider. Calls may be recorded, and randomly monitored for security and training purposes. Please note Capita Asset Services cannot provide financial or taxation advice or comment on the merits of the Offer.

If the Application Form in respect of Offer Shares is lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he or she should ensure that he or she provides evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address (for example, a utility bill that is not less than three months old).

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 1.00 pm on 20 January 2017, Capita Asset Services has not received evidence satisfactory to it as aforesaid, Capita Asset Services may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

5. Admission, settlement and dealings

The result of the Offer is expected to be announced on 27 January 2017. Applications will be made to the London Stock Exchange for the Offer Shares to be admitted to trading on AIM. It is expected that the admission to AIM will become effective and that dealings in the Offer Shares will commence at 8.00 am on 30 January 2017.

The Existing Ordinary Shares (represented by Depositary Interests) are already admitted to CREST. No further application for admission to CREST is accordingly required for the New Ordinary Shares (represented by Depositary Interests). All such Depositary Interests, when issued and fully paid, may be held and transferred by means of CREST. The Warrants will not be eligible for CREST and will be in certificated form only.

As securities issued by non-UK companies cannot be held or traded through the CREST system, a depositary or custodian can hold the relevant foreign securities and issue dematerialised depositary interests representing the underlying securities, thus allowing investors to settle such securities through the CREST system. It will therefore be possible for CREST members to hold and transfer interest in Ordinary Shares within CREST pursuant to a depositary interest arrangement established by the Company with the Depositary. The Depositary will issue Depositary Interests in respect of the underlying Ordinary Shares pursuant to the terms of the Deed Poll. CREST is a voluntary system and investors who wish to remain outside CREST may do so and will have their details recorded on the Company's share register in accordance with applicable laws.

No temporary documents of title will be issued and, transfers will be certified against the UK Depositary Interest register of the Company. All documents or remittances sent by, to, from or on behalf of applicants, or as they may direct, will (in the latter case) be sent through the post and will (in both cases) be at the risk of the applicant.

6. Overseas Shareholders

The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

(a) General

The distribution of this document and the making or acceptance of the Offer to or by persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom, may be affected by the laws or regulatory requirements of the relevant jurisdictions. It is the responsibility of those persons to consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Offer Shares under the Offer.

No action has been or will be taken by the Company, or any other person, to permit a public offering or distribution of this document (or any other offering or publicity materials or application form relating to the Offer Shares) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom. Receipt of this document and/or an Application Form will not constitute an invitation or offer of securities for subscription, sale or purchase in whose jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

Application Forms will not be sent to persons with registered addresses in the United States or a Restricted Jurisdiction or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this document and/or an Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

PART 3 – TERMS AND CONDITIONS OF THE OFFER CONTINUED

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for Offer Shares under the Offer to satisfy themselves as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

None of the Company nor any of their respective representatives, is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Application Form in connection with the Offer or otherwise, should not distribute or send either of those documents in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Application Form is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for Offer Shares in respect of the Offer unless the Company determines that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Application Form into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part 3 “Terms and Conditions of the Offer” and specifically the contents of this paragraph 6.

The Company reserves the right to treat as invalid any application or purported application for Offer Shares that appears to the Company or its agents to have been executed, effected or dispatched from the United States or a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any other jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements.

Notwithstanding any other provision of this document or the Application Form, the Company reserves the right to permit any person to apply for Offer Shares if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for Offer Shares should note that payment must be made in Sterling denominated cheques or banker’s drafts or by CHAPS or BACS. Due to restrictions under the securities laws of the United States and the Restricted Jurisdictions, and subject to certain exceptions, Qualifying Shareholders in the United States or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Offer and will not be sent an Application Form. No public offer of Offer Shares is being made by virtue of this document or the Application Form into the United States or any Restricted Jurisdiction. Receipt of this document and/or an Application Form will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

(b) United States

The Offer Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, may not be offered or sold, re-sold, taken up, transferred, delivered or distributed, directly or indirectly, within the United States except in reliance on an exemption from the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Company is not extending the Offer into the United States unless an exemption from the registration requirements of the US Securities Act is available and, subject to certain exceptions, neither this document nor the Application Form constitute or will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any Offer Shares in the United States. Subject to certain exceptions, neither this document nor the Application Form will be sent to any Qualifying Shareholder with a registered address in the United States. Subject to certain exceptions, an Application Form sent from or postmarked in the United States will be deemed to be invalid and all persons acquiring Offer Shares and wishing to hold such Offer Shares in registered form must provide an address for registration of the Offer Shares issued upon exercise thereof outside the United States.

Subject to certain exceptions, any person who acquires Offer Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this document or the Application Form and delivery of the Offer Shares, that they are not, and that at the time of acquiring the Offer Shares they will not be, in the United States or acting on behalf of, or for the account or benefit of a person on a non-discretionary basis in the United States or any state of the United States.

The Company reserves the right to treat as invalid any Application Form that appears to the Company or its agents to have been executed in, or despatched from, the United States, or that provides an address in the United States for the receipt of Offer Shares, or which does not make the warranty set out in the Application Form to the effect that the person completing the Application Form does not have a registered address and is not otherwise located in the United States and is not acquiring the Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Offer Shares in the United States or where the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements.

The Company will not be bound to allot or issue any Offer Shares to any person with an address in, or who is otherwise located in, the United States in whose favour an Application Form or any Offer Shares may be transferred. In addition, until 45 days after the commencement of the Offer, an offer, sale or transfer of the Offer Shares within the United States by a dealer (whether or not participating in the Offer) may violate the registration requirements of the US Securities Act.

(c) Restricted Jurisdictions

Due to restrictions under the securities laws of the Restricted Jurisdictions and subject to certain exemptions, Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Offer and will not be sent an Application Form. The Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

No offer or invitation to apply for Offer Shares is being made by virtue of this document or the Application Forms into any Restricted Jurisdiction.

(d) Other overseas territories

Qualifying Shareholders in jurisdictions other than the United States or the Restricted Jurisdictions may, subject to the laws of their relevant jurisdiction, take up Offer Shares in accordance with the instructions set out in this document and the Application Form. Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the United Kingdom should, however, consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any Offer Shares in respect of the Offer.

(e) Representations and warranties relating to Overseas Shareholders

Any person completing and returning an Application Form represents and warrants to the Company, and Capita Asset Services that, except where proof has been provided to the Company’s satisfaction that such person’s use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting registration of the relevant Offer Shares from within the United States or any Restricted Jurisdiction; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire Offer Shares in respect of the Offer or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within any Restricted Jurisdiction (except as agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not acquiring Offer Shares with a view to offer, sale, resale, transfer, deliver or distribute, directly or indirectly, any such Offer Shares into any of the above territories. The Company and/or Capita Asset Services may treat as invalid any acceptance or purported acceptance of the allotment of Offer Shares comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed, effected or dispatched from the United States or a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; (ii) provides an address in the United States or a Restricted Jurisdiction for delivery of the share certificates of Offer Shares (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such certificates); or (iii) purports to exclude the warranty required by this sub-paragraph (a).

(f) Waiver

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

PART 3 – TERMS AND CONDITIONS OF THE OFFER CONTINUED

7. Taxation

Shareholders who are in any doubt as to their tax position in relation to taking up their entitlements under the Offer, or who are subject to tax in any jurisdiction other than the United Kingdom, should immediately consult a suitable professional adviser.

8. Governing law and jurisdiction

The terms and conditions of the Offer as set out in this document, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, English law.

The courts of England are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Offer, this document or the Application Form. By taking up Offer Share, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

PART 4 – PARTICULARS OF THE WARRANTS

Pursuant to the Subscriptions and the Offer, pro rata limited exercise Warrants are being issued to subscribers of Subscription Shares and Offer Shares.

Set out below are particulars of the principal terms and conditions applying to the Warrants as, subject to the passing of the resolutions to be proposed at the AGM, will be constituted by an instrument to be entered into by the Company by way of deed poll on the date of, and immediately subsequent to, the AGM (the “Warrant Instrument”).

1. CONSTITUTION

- 1.1 The Warrant Instrument shall constitute up to 260,000,000 limited exercise Warrants each entitling the holder thereof to subscribe for Ordinary Shares at 1 pence per Ordinary Share.
- 1.2 The Warrants are granted to subscribers of the Subscription Shares and Offer Shares to protect them from equity dilution in circumstances where there is a further equity issue in the 6 month period following the date of the Warrant Instrument at below the Subscription Price and Offer Price.
- 1.3 Where such a further equity issue takes place during that 6 month period below the Subscription Price and Offer Price such number of Warrants will be exercisable at 1 pence per Warrant in order that each subscriber acquires a number of Ordinary Shares such that their total average cost of acquisition per share across the two equity issuances and exercise of the Warrants is equivalent to the new lower equity issue price, subject to this equity issue price being not less than 2 pence per Ordinary Share.
- 1.4 Subject to the further terms of the Warrant Instrument (as described below), the Warrants shall be exercisable, if required, for a period of 6 months from the date of issue of the Warrant Instrument. Issuances of Ordinary Shares pursuant to the Warrant Instrument will not rebase the Conversion Price.
- 1.5 The Warrants shall rank pari passu in all respects and without discrimination or preference.
- 1.6 The Warrants will not be admitted to trading on any securities exchange.
- 1.7 The Warrants will be in certificated form. The Company shall maintain a register of the holders of legal title to the Warrants (the “Warrant Register”). The number of Warrants to which each Warrantheader shall be entitled shall be evidenced by a warrant certificate issued by the Company (a “Warrant Certificate”). The Company shall not be obliged to recognise the interest of any person to any Warrant other than the holder thereof as named in the Warrant Register. Every person so registered as the holder of a Warrant (a “Warrantheader”) shall be entitled to receive one certificate for the Warrants held by him (if any), but joint Warrantheaders shall be entitled to only one certificate in respect of the Warrants held jointly by them, which certificates shall be delivered to the joint Warrantheader whose name stands first in the Warrant Register. The Warrant Instrument shall be binding on the Company and the Warrantheaders and all persons claiming through or under them respectively.

2. SUBSCRIPTION RIGHTS

- 2.1 A Warrantheader shall have the right, exercisable in the manner described in paragraph 2.3, to subscribe in cash on any business day, within 14 days from the date of the lower priced equity issuance on the terms set out in paragraph 1 at a subscription price of 1 pence per Ordinary Share (the “Warrant Subscription Price”), payable in full on subscription. The number and/or the nominal value of Ordinary Shares to be subscribed and the Warrant Subscription Price are subject to adjustment as described in paragraph 3. The Warrants will not be exercisable in respect of a fraction of an Ordinary Share, except that where a Warrantheader holds and exercises more than one Warrant on the same occasion, the fractional entitlements represented by each Warrant being exercised may be aggregated in determining the number of Ordinary Shares to which the Warrantheader is entitled upon such exercise.
- 2.2 In order to exercise the subscription rights in respect of any Warrants, the Warrantheader must, having completed the notice of exercise on his Warrant Certificate, lodge it at the registered office of the Company (the date of receipt of such notice by the Company being the “Exercise Date”) accompanied by a remittance for the aggregate subscription price of the Ordinary Shares in respect of which such subscription rights are being exercised. Once lodged, a notice of exercise shall be irrevocable save with the written consent of the Company.

PART 4 – PARTICULARS OF THE WARRANTS CONTINUED

- 2.3 Ordinary Shares issued pursuant to the exercise of Warrants will be allotted as soon as reasonably practicable after the relevant Exercise Date and share certificates in respect of such Ordinary Shares will be issued free of charge and despatched (at the risk of the persons entitled thereto) as soon as reasonably practicable after the relevant Exercise Date to the first named person in whose name the Warrants are registered at the relevant Exercise Date, or (subject as provided by law) to any nominee of the Warranthead, (or, alternatively, credited to a CREST account in the name of the Warranthead or (subject as provided by law) Warranthead's nominee) as may be named in the form of nomination upon the reverse of the Warrant Certificate. In the event that at the end of the 6 month period following the creation of the Warrant Instrument not all of the Warrants are exercised, the Company shall cancel the remaining Warrants.
- 2.4 Ordinary Shares allotted pursuant to the exercise of Warrants will not rank for any dividends or other distributions declared, made or paid on or by reference to a record date prior to the date of allotment of Ordinary Shares on exercise of such Warrants.
- 2.5 Application will be made to the London Stock Exchange for the Ordinary Shares allotted pursuant to any exercise of subscription rights to be admitted to trading on AIM and the Company will use all reasonable endeavours to obtain the admission thereof as soon as reasonably practicable after the relevant exercise date. This obligation will cease to apply if the ordinary share capital of the Company ceases for any reason to be listed on AIM.
- 2.6 The Warrants and the Ordinary Shares issuable on exercise of the Warrants have not been and will not be registered under the Securities Act and the relevant exemptions have not been and will not be obtained from the Securities Commission or similar regulatory authority. The Warrants and the Ordinary Shares issuable on exercise of the Warrants may not be offered, sold, transferred or delivered, directly or indirectly, in the United States or to any citizen or resident of the United States (a "US Person") or to or for the benefit of any such person. Each notice of exercise of a Warrant shall be deemed to contain a warranty and representation in favour of the Company by the Warranthead exercising the relevant Warrants that he is not a US Person or a person subject to the laws of Canada, Australia, New Zealand, the Republic of South Africa, Japan or any other jurisdiction in which the acquisition or transfer of, or exercise of rights under, Warrants and/or Ordinary Shares (as the case may be) violates applicable securities laws (or, if they are a person in such a jurisdiction, such person shall be deemed to warrant and represent that their acquisition of, or exercise of rights under, Warrants and/or Ordinary Shares (as the case may be) is permitted by the securities laws of the relevant jurisdiction). The exercise of the Warrants, and the right of a Warranthead to receive the Ordinary Shares falling to be issued on the exercise of any Warrant, shall be subject to such requirements, conditions, restrictions, limitations or prohibitions (together referred to as "Restrictions") as the Company may impose, in its discretion, for the purpose of complying with (or for avoiding any requirement to comply with) the securities laws of the United States, Canada, Australia, New Zealand, the Republic of South Africa, Japan and/or any other relevant jurisdiction, and exercise of rights will only be effective to the extent that such Restrictions are complied with. The Directors of the Company may request from any person exercising a Warrant such information as they may require for determining whether such Restrictions will be applicable and, if so, whether they will be complied with.

3. ADJUSTMENT

If, by reference to a record date on or before the Exercise Date, the Company shall allot any Ordinary Shares fully paid by way of capitalisation of profits or reserves to all holders of Ordinary Shares or shall effect any consolidation or sub-division of the Ordinary Shares, the number and/or nominal value of Ordinary Shares obtainable on any subsequent exercise of the Warrants will be increased or, as the case may be, reduced in such proportion as the Company's Auditors determine to be fair and reasonable having due regard to the terms of such capitalisation, consolidation or sub-division, provided always that in no event shall the Warrant Subscription Price per Ordinary Share payable on exercise of a Warrant be less than the then nominal value of an Ordinary Share. On any such capitalisation, consolidation or sub-division the Company will, as soon as reasonably practicable after an adjustment, send a notice to each Warranthead of the adjusted number of Ordinary Shares to which the Warranthead is, subject to the exercise conditions, entitled to subscribe in consequence thereof, fractional entitlements being ignored, and/or of the adjusted applicable Warrant Subscription Price per Ordinary Share, such notice being accompanied by a new warrant certificate (if appropriate) showing such adjusted number of Ordinary Shares and applicable Warrant Subscription Price per Ordinary Share and being accompanied by a copy of the auditor's determination relation to such adjustment.

4. OTHER PROVISIONS

So long as any Warrants remain exercisable, the Company shall keep available for issue sufficient authorised but unissued share capital to satisfy in full (without the need for the passing of any resolution by its shareholders) all Warrants remaining exercisable.

5. MODIFICATION OF RIGHTS

All or any of the rights attached to the Warrants, or any of the terms and conditions of the Warrant Instrument, may from time to time (whether or not the Company is being wound up) be altered or abrogated with the sanction of an Extraordinary Resolution of the Warrantheads and with the consent of the Company, such consent being given mutatis mutandis in accordance with such procedure as is otherwise required for an alteration of class rights under the articles of association of the Company (as though the Warrants constituted a class of share). Such alteration or abrogation approved as aforesaid shall be effected by deed poll executed by the Company and expressed to be supplemental to the Warrant Instrument. Modifications to the Warrant Instrument which are of a minor or technical nature, or made to correct a manifest error, may be effected by deed poll executed by the Company and expressed to be supplemental to the Warrant Instrument (without approval of an Extraordinary Resolution of the Warrantheads) and notice of such alteration or abrogation or modification shall be given by the Company to each of the Warrantheads.

6. PURCHASE BY THE COMPANY

The Company shall be entitled at any time to purchase Warrants, subject to compliance with all applicable laws, on such terms as the Directors and the relevant vendors of the Warrants may agree in writing. Any Warrants so purchased shall be cancelled and shall not be available for reissue.

7. GENERAL

- 7.1 Any determination or adjustment made pursuant to the terms and conditions of the Warrant Instrument by the auditors of the Company shall be made by them as experts and not arbitrators and shall, in the absence of fraud or manifest error, be final and binding on the Company and all Warrantheads.
- 7.2 The provisions of the articles of association of the Company for the giving and deemed receipt of notices shall apply in relation to notices to be given by the Company to the Warrantheads and vice versa, mutatis mutandis.

8. GOVERNING LAW

The Warrant Instrument is to be construed in accordance with and governed by the laws of England and the Company and each Warranthead shall submit to the exclusive jurisdiction of the English courts to hear and decide any suit or action or proceedings to settle any disputes which may arise out of or in connection with the Warrant Instrument (including non-contractual claims and disputes).

9. TERMINOLOGY

In this Part 4: "business day" means any day, other than Saturdays, Sundays and public holidays in England; and "Extraordinary Resolution" means a resolution proposed at a meeting of the Warrantheads duly convened and held and passed by a majority consisting of not less than three-fourths (75%) of the votes cast, whether on a show of hands or on a poll. All the provisions of the articles of association of the Company as to Extraordinary General Meetings shall apply mutatis mutandis as though the Warrants were a class of Ordinary Shares forming part of the capital of the Company but so that: (i) the period of notice shall be 14 days at least; (ii) the necessary quorum shall be Warrantheads (present in person or by proxy) entitled to subscribe for one-third in nominal amount of the Ordinary Shares attributable to the then outstanding Warrants; (iii) every Warranthead present in person at any such meeting shall be entitled on a show of hands to one vote and every Warranthead present in person or by proxy shall be entitled on a poll to one vote for every Ordinary Share for which he is entitled to subscribe pursuant to the Warrants; (iv) any Warranthead present in person or by proxy may demand or join in demanding a poll; and (v) if at any adjourned meeting a quorum as defined above is not present, one Warranthead who is then present in person or by proxy shall be a quorum.

