

Edenville Energy Plc

*(Incorporated and registered in England and Wales under the Companies Act 2006
with registered number 5292528)*

Directors

Rufus Short (Chief Executive Officer and Chairman)

Mark Pryor (Chief Operating Officer)

Arun Srivastava (Non-Executive Director)

Registered Office

Aston House
Cornwall Avenue
London
N3 1LF

(together the **Directors** or the **Board**)

11 August 2016

To shareholders and, for information only, holders of instruments capable of conversion into shares

Dear shareholder,

PROPOSED REORGANISATION OF SHARE CAPITAL AND NOTICE OF GENERAL MEETING

As you may be aware, the Company is in the process of developing a coal-to-power project in south west Tanzania. The Directors believe that significant progress has been made over recent months on several areas of the power-plant development process. Notably, the Company's continuing communications with government authorities such as the Ministry of Energy and Minerals (MEM) and the Tanzanian State Electricity Company, Tanesco, as well as their recent site visit, have given the Company confidence that the Tanzanian government's planned power expansion policy is, following the elections in October 2015, moving forward. We expect this policy to translate into the development of appropriate structures for power generation and transmission in the short to medium term. The Directors believe that the Rukwa Coal to Power Project will have the opportunity to contribute directly to this power expansion plan. Additionally, the granting of the Mining Licence at the Rukwa project to the Company's subsidiary, Edenville International (Tanzania) Limited, in February 2016 further supports this view. The Board believes that in order to continue this progression and to deliver shareholder value over the coming years it now needs to take appropriate steps to restructure the Company's share capital (the **Capital Reorganisation**).

BACKGROUND TO AND REASONS FOR THE CAPITAL REORGANISATION

The existing ordinary shares of £0.0002 in the capital of the Company (the **Existing Ordinary Shares**) have in recent months frequently been trading on AIM at a price close to their nominal value of £0.0002 per share. The issue of new shares by a company incorporated in England and Wales at a price below their nominal value is prohibited by the Companies Act 2006 and so in order to continue the mine and power plant development process by way of the issue of further equity, a capital reorganisation is recommended.

In addition, the share price volumes at which the Existing Ordinary Shares are currently trading mean that a small value transaction can significantly affect the Company's market capitalisation. One or two relatively small trades in a day can result in increased share price volatility that does not reflect the Company's underlying performance. The Directors also note that, at 12,427,060,094, the number of Existing Ordinary Shares currently in issue is an excessive number for a company of the size of Edenville.

The proposed Capital Reorganisation comprises three subdivisions, the first being a subdivision of the 64,179,632 existing deferred shares of £0.0008 each in the capital of the Company (the **Existing Deferred Shares**) into 5,134,370,560 deferred shares of £0.00001 each in the capital of the Company (the **Subdivided Existing Deferred Shares**) (the **First Subdivision**). Second, the 12,427,060,094 Existing Ordinary Shares will be subdivided into two share classes: (i) 12,427,060,094 ordinary shares of £0.00001 each in the capital of the Company (the **Subdivided Ordinary Shares**); and (ii) 12,427,060,094 deferred shares of £0.00019 each in the capital of the Company (the **New Deferred Shares**) (the **Second Subdivision**). The 12,427,060,094 New Deferred Shares will then be subdivided into 236,114,141,786 deferred shares of £0.00001 each in the capital of the Company (the **Subdivided New Deferred Shares**) (the **Third Subdivision**). Further, the Subdivided Ordinary Shares will be consolidated into 621,353,005 ordinary shares of £0.0002 each in the capital of the Company (the **Consolidated Shares**) (the **Consolidation**), such Consolidated Shares having the same rights and being subject to the same restrictions as the Existing Ordinary Shares as currently set out in the Company's articles of association. If the Company determines to cancel or buy back the Subdivided New Deferred Shares, it will advise, and if required seek further shareholder approval from, shareholders accordingly at the relevant time. The effect of the proposed Capital Reorganisation would be to reduce the number of issued ordinary shares in the capital of the Company by a multiple of approximately 20.

Neither the Subdivided New Deferred Shares nor the Subdivided Existing Deferred Shares shall be quoted and no share certificates will be issued in respect of the same. The effect of the creation of the Subdivided New Deferred Shares would be that the aggregate par value of the ordinary shares in the capital of the Company, once subdivided and consolidated, remains at £0.0002.

Where as a result of the Consolidation any Shareholders would become entitled to any fractions of the Consolidated Shares, any such fractions will, so far as is possible, be aggregated and sold for the benefit of the Shareholders.

For the avoidance of doubt, the Capital Reorganisation will not lead to the holders of Existing Ordinary Shares having their current respective holdings diluted.

GENERAL MEETING

Enclosed with this letter is a notice convening a general meeting of the Company to be held at Acre House, 11-15 William Road, London NW1 3ER on 30 August 2016 at 10 a.m. (the **General Meeting**) for the purpose of considering and, if deemed fit, approving four resolutions relating to the Capital Reorganisation. Set out below is an explanation of the resolutions to be considered at the General Meeting. Each of the four resolutions will be proposed as an ordinary resolution. This means that for each resolution to be passed, more than half of the votes cast must be in favour of the resolution.

Resolution 1 – subdivision of the Existing Deferred Shares

The Directors propose that Existing Deferred Shares should be subdivided into the Subdivided Existing Deferred Shares. If Resolution 1 is approved, the First Subdivision will occur after close of trading on AIM on the date of the General Meeting.

Resolution 2 – subdivision of the Existing Ordinary Shares

The Directors propose that, subject to the First Subdivision occurring pursuant to the passing of Resolution 1, the Existing Ordinary Shares should be subdivided into the Subdivided Ordinary Shares and the New Deferred Shares. If Resolution 2 is approved, the Second Subdivision will occur

immediately following the First Subdivision after close of trading on AIM on the date of the General Meeting.

Resolution 3 – subdivision of the New Deferred Shares

The Directors propose that, subject to the Second Subdivision occurring pursuant to the passing of resolution 2, the New Deferred Shares should be subdivided into the Subdivided New Deferred Shares. If Resolution 3 is approved, the Third Subdivision will occur immediately following the Second Subdivision after close of trading on AIM on the date of the General Meeting.

Resolution 4 – consolidation of the Subdivided Ordinary Shares

The Directors propose that, subject to the Second Subdivision occurring pursuant to the passing of Resolution 2, the Subdivided Ordinary Shares should be consolidated into the Consolidated Shares. If Resolution 4 is approved, the Consolidation will occur immediately following the Second Subdivision after close of trading on AIM on the date of the General Meeting.

Shareholders are requested to complete and return the relevant form of proxy also enclosed with this letter in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by the Company's registrars, Capita Asset Services, not later than 10 a.m. on 25 August 2016, being 48 hours (excluding non-business days) before the time fixed for the General Meeting. The return of a form of proxy will not preclude you from attending the General Meeting and voting in person should you wish to do so.

RECOMMENDATION

Accordingly, the Directors recommend that the Company's shareholders vote in favour of Resolutions 1, 2, 3 and 4 as they intend to do so in respect of their aggregate interest in 88,888,888 Existing Ordinary Shares, representing 0.72 per cent. of the issued ordinary share capital of the Company on 10 August 2016.

Yours faithfully

Rufus Short
Chief Executive Officer and Chairman