

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

THE CONTENT OF THIS DOCUMENT HAS NOT BEEN APPROVED BY AN AUTHORISED PERSON WITHIN THE MEANING OF THE FINANCIAL SERVICES AND MARKETS ACT 2000. RELIANCE ON THIS DOCUMENT FOR THE PURPOSE OF ENGAGING IN ANY INVESTMENT ACTIVITY MAY EXPOSE AN INDIVIDUAL TO A SIGNIFICANT RISK OF LOSING ALL AMOUNTS INVESTED.

IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS DOCUMENT YOU SHOULD SEEK YOUR OWN INDEPENDENT FINANCIAL ADVICE FROM YOUR STOCKBROKER, BANK MANAGER, SOLICITOR OR OTHER INDEPENDENT ADVISER WHO SPECIALISES IN ADVISING ON THE ACQUISITION OF SHARES AND OTHER SECURITIES IN THE UK AND IS AUTHORISED UNDER FSMA (OR, IF YOU ARE RESIDENT OUTSIDE THE UK, APPROPRIATELY AUTHORISED AND QUALIFIED IN YOUR JURISDICTION). If you have sold or otherwise transferred all your Existing Ordinary Shares prior to the Record Date, please send this document, together with the Application Form to the purchaser or transferee or the stockbroker, bank or other agent through whom the sale or transfer was effected for onwards transmission to the purchaser or transferee.

It is emphasised that no application is being made for admission of these securities to the Official List of the UK Listing Authority and no immediate application is being made for admission of these securities to trading on AIM, the market of that name operated by the London Stock Exchange. Further, the proposed admission of the Company's Ordinary Shares to AIM cannot be guaranteed.

An investment in the Company involves a significant degree of risk and may not be suitable for all recipients of this document. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their circumstances and the financial resources available to them. Your attention is drawn, in particular, to the section entitled Risk Factors in Part 2 of this document. Notwithstanding this, prospective investors should read the entire document.

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## **TOMCO ENERGY PLC**

*(incorporated in the Isle of Man under the Companies Act 1931-2004 (as amended) with registered no. 36210C)*

### **Placing and Open Offer of up to 166,666,666 new Ordinary Shares of 0.5 pence each at 3 pence per share Increase in Share Capital Adoption of new Memorandum and Articles of Association**

**and**

### **Notice of Extraordinary General Meeting**

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The latest time and date for application and payment in full under the Placing and Open Offer is 4.30 p.m. on 19 May 2011. The procedure for application and payment under the Open Offer is set out on page 21 and, where relevant, the Application Form. Qualifying Shareholders wishing to apply for New Ordinary Shares must complete the accompanying Application Form in accordance with the instructions set out in Part 3 of this document and on the accompanying Application Form and return it with the appropriate payment to Campbell O'Connor & Co, 8 Cope Street, Dublin 2, Republic of Ireland, so as to arrive no later than 4.30 p.m. on 19 May 2011.

The Company does not have a corporate finance adviser in connection to the Placing and Open Offer.

In connection with the Placing and Open Offer, no person is authorised to give any information or make any representation other than as contained in this document. The Directors of the Company, whose names appear on page 9 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Placing and Open Offer will not constitute an offer to the public requiring an approved prospectus under section 85 of FSMA and accordingly this document is not a prospectus under the Prospectus Regulations 2005 and has not been pre-approved by the FSA pursuant to section 85 of FSMA.

Notice of an Extraordinary General Meeting of the Company to be held at 12pm on Friday 20 May 2011 is set out at the end of this document. Shareholders will find enclosed a Form of Proxy for use at the Extraordinary General Meeting. To be valid, a Form of Proxy, completed and executed in accordance with the instructions printed thereon, should be returned to Computershare Investor Services, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and, in any event, so as to be received not later than 12pm on 18 May 2011.

This document is being issued on behalf of the Company, for the exclusive use of the person to whom it is addressed. It is being made available on the terms set out below in connection with the Open Offer. It is not intended to form the basis of any investment decision or decision to make an investment other than through the Open Offer.

Neither this document nor any other documents relating to the Placing and Open Offer have been:

- (a) prepared in accordance with Directive 2003/71/EC on prospectuses (the 'Directive') or any measures made under the Directive or the laws of England and Wales, Ireland or of any EU Member State or EEA treaty adherent state that implements the Directive or those measures; nor
- (b) reviewed, issued, registered or approved by any regulatory authority in the UK, Ireland or in any other EU Member State or EEA treaty adherent state or any other jurisdiction;

and they do not contain all the information required where a document is prepared pursuant to the Directive or any measures or laws made thereunder.

This document is provided solely for the use of prospective investors in connection with evaluating the Open Offer. Nothing in this document constitutes investment, legal, accounting or tax advice, or a representation that any investment strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you.

In making an investment decision, prospective investors must rely on their own examination of the Company and the terms of the Open Offer, including the merits and risks involved. Potential investors should inform themselves as to the possible tax consequences, the legal requirements and any foreign exchange restrictions or exchange control requirements which they may encounter under the laws of the countries of their citizenship, residence or domicile and which might be relevant to the acquisition, subsequent holding or disposal of the New Ordinary Shares.

The New Ordinary Shares have not been, nor will they be, registered under the US Securities Act of 1933 (as amended) or under any applicable securities laws of any state of the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. The Ordinary Shares may not be offered or sold or delivered, directly or indirectly, in or into the United States of America, Canada, Australia, the Republic of South Africa or Japan. This document must not be mailed or otherwise distributed or sent to or into the United States of America, Canada, Australia, the Republic of South Africa, or Japan. This document does not constitute an offer for, or the solicitation of an offer to subscribe for, any of the Ordinary Shares, in respect of any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation in such jurisdiction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Potential investors must inform themselves as to: (a) legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer, redemption or other disposal of Ordinary Shares. Potential investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

#### **Restrictions on sales**

This document does not constitute, and may not be used for the purposes of, an offer or an invitation to subscribe for any Ordinary Shares by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; or (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it may be unlawful to make such offer or invitation. The distribution of this document and the offering of the Ordinary Shares in certain jurisdictions may be restricted. Accordingly, persons outside the United Kingdom or Republic of Ireland into whose possession this document comes are required by the Company to inform themselves about and to observe any restrictions as to the offer or sale of Ordinary Shares and the distribution of this document under the laws and regulations of any territory in connection with any applications for Ordinary Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by the Company that would permit a public offering of the Ordinary Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document other than in any jurisdiction where action for that purpose is required.

The Company reserves the right to reject any offer to purchase New Ordinary Shares in whole or in part at its sole discretion for any reason. It also specifically reserves the right to determine or alter the timing of the allotment of such New Ordinary Shares (subject to the provisions of the Act (as amended) and/or the aggregate amount to be raised as set out in this document or otherwise.

## Forward-Looking Statements

This document includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "aims", "projects", "targets", "could", "continue", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts.

Any such statements, which may include statements contained in Risk Factors (set out in Part 2 of this document), are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general, economic and business conditions. As such, these forward-looking statements speak only as of the date of this document.

Potential investors are advised to read this document in its entirety, and, in particular, Part 2 (Risk Factors) of this document for a further discussion of the factors that could affect the Groups future performance.

Subject to its legal and regulatory obligations, the Company expressly disclaims any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

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**ACTION TO BE TAKEN**

**IN RESPECT OF THE OPEN OFFER**

Qualifying Shareholders wishing to apply for New Ordinary Shares must complete the accompanying Application Form in accordance with the instructions set out in Part 3 of this document and on the accompanying Application Form and return it with the appropriate payment to Campbell O'Connor & Co, 8 Cope Street, Dublin 2, Republic of Ireland, so as to arrive no later than 4.30 p.m. on 19 May 2011.

**IN RESPECT OF THE EXTRAORDINARY GENERAL MEETING**

Shareholders will find enclosed with this document a Form of Proxy for use at the Extraordinary General Meeting. The Form of Proxy should be completed and returned in accordance with the instructions printed on it so as to arrive at the Company's registrars, Computershare Investor Services, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and in any event not later than 12 p.m. on 18 May 2011. Completion and return of the Form of Proxy will not prevent Shareholders from attending and voting at the Extraordinary General Meeting should they so wish.

## DEFINITIONS

“Act”	the Companies Act 1931 to 2004 (as amended) of the Isle of Man
“AIM”	AIM, a market operated by the London Stock Exchange
“Application Form”	the form of application to apply for New Ordinary Shares pursuant to the Open Offer accompanying this document
“Board of Directors” or “Board”	the board of directors of the Company, whose names appear on page 9 of this document
“Company” or “TomCo”	TomCo Energy plc, a company registered in the Isle of Man with company number 36210C
“Completion”	the allotment of the New Ordinary Shares subscribed for pursuant to the Placing and Open Offer
“Enlarged Share Capital”	the issued ordinary share capital of the Company immediately following completion of the Open Offer and Placing and comprising the Existing Ordinary Shares and the New Ordinary Shares
“Existing Ordinary Shares”	the 759,549,151 Ordinary Shares in issue at the date of this document
“EGM” or “Extraordinary General Meeting”	the extraordinary general meeting of the company convened for 12p.m. on 20 May 2011, notice of which is set out at the end of this document
“Form of Proxy”	the form of proxy enclosed with this document for use by shareholders in connection with the EGM
“FSA”	Financial Services Authority
“FSMA”	Financial Services and Markets Act 2000, as amended
“Group”	the Company and its subsidiaries
“Kenglo”	Kenglo One Limited which holds 26% of the Existing Ordinary Shares, £2.5m of convertible debt and a £1m secured loan
“London Stock Exchange”	London Stock Exchange plc
“Minimum Amount”	the minimum sum of £3,500,000 (before expenses) to be invested in the Company by way of equity pursuant to the Open Offer, the Placing or any other fundraising completed before the Open Offer and Placing closes
“New Articles”	the new articles of association of the Company proposed to be adopted by the Company, further details of which are set out in Part 4 of this document
“New Ordinary Shares”	the 166,666,666 new Ordinary Shares being made available to Qualifying Shareholders and Placees under the Placing and Open Offer

“Offer Price”	3 pence per New Ordinary Share
“Official List”	the official list of the UK Listing Authority
“Open Offer”	the conditional invitation made to Qualifying Shareholders to apply to subscribe for New Ordinary Shares 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
“Ordinary Shares”	the ordinary shares of 0.5 pence each in the capital of the Company
“Overseas Shareholders”	Shareholders who have a registered address in the United States of America, Canada, Australia, Japan or the Republic of South Africa
“Placees”	Qualified Investors subscribing for New Ordinary Shares at the Offer Price pursuant to the Placing
“Placing”	the private placing of the New Ordinary Shares by Campbell O’Connor & Co to Qualified Investors
“Qualified Investors”	persons who are qualified investors under the EP and Council Directive 2003/71/EC or under equivalent legislation in any other EEA jurisdiction where the Placing can lawfully be made or whom the Company may otherwise lawfully permit to subscribe for New Ordinary Shares in the Placing in the absence of an approved prospectus or approved financial promotion
“Qualifying Shareholders”	holders of Existing Ordinary Shares on the register of members of the Company at the Record Date (but excluding Overseas Shareholders)
“Receiving Agent”	Campbell O’Connor & Co, 8 Cope Street, Dublin 2, Republic of Ireland
“Record Date”	5.00 p.m. on 26 April 2011
“Red Leaf”	Red Leaf Resources Inc, a Delaware corporation
“Red Leaf Licence”	the licence granted by Red Leaf to the Company to use Red Leaf’s EcoShale technology for the extraction of oil from oil shale
“Resolutions”	the resolutions set out in the notice of EGM, which is set out at the end of this document
“Shareholder(s)”	holder(s) of Ordinary Shares
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the FSA acting in its capacity as the competent authority for listings in the UK

## PLACING AND OPEN OFFER STATISTICS

Offer Price	3 pence
Number of Existing Ordinary Shares in issue on the Record Date	759,549,151
Maximum number of New Ordinary Shares issued pursuant to the Placing and Open Offer	166,666,666
Enlarged Share Capital immediately following the Placing and Open Offer	926,215,817
Percentage of Enlarged Share Capital represented by the New Ordinary Shares	17.99%
Minimum Amount to be raised (before expenses) in order for the Open Offer and Placing to complete	£3,500,000
Maximum gross proceeds of the Open Offer (€2,500,000 using an exchange rate of €1:£0.88 on 21 April 2011 and rounded down to the nearest £50,000)	£2,210,900
Maximum gross proceeds of the Placing and Open Offer	£5,000,000
Maximum estimated net cash proceeds of the Placing and Open Offer	£4,700,000

*Note: the above table has been prepared on the assumption that all of the New Ordinary Shares are allotted pursuant to the Placing and Open Offer*

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for the Open Offer	5.00 p.m. on 26 April 2011
Latest time for receipt of proxies for Extraordinary General Meeting	12 p.m. on 18 May 2011
Latest time and date for acceptance of the Open Offer and receipt of completed Application Forms and payment in full under the Open Offer	4.30 p.m. on 19 May 2011
Announcement of result of Placing and Open Offer on Company's website at <a href="http://www.tomcoenergy.com">www.tomcoenergy.com</a>	8.30 a.m. on 23 May 2011
Extraordinary General Meeting	12 p.m. on 20 May 2011
Dispatch of definitive share certificates for the New Ordinary Shares	3 June 2011

## PART 1: LETTER FROM THE CHAIRMAN

### TOMCO ENERGY PLC

*(incorporated in the Isle of Man with registered number 36210C)*

Directors

Sir Nicholas Bonsor - Chairman  
Stephen Komlosy – Chief Executive Officer  
Miikka Haromo – Finance Director  
John May – Director  
Paul Hughes – Non-executive Director

26 April 2011

To: Qualifying Shareholders in respect of the Open Offer and all Shareholders in connection with the EGM

Dear Shareholder

I am pleased to be able to write to you with an update covering a number of corporate and operational aspects in respect of the Company.

#### 1. Introduction

Your Board today announces that it is effecting a Placing and Open Offer to subscribe for up to 166,666,666 New Ordinary Shares at the Offer Price of 3 pence per New Ordinary Share, payable in full on acceptance. The Open Offer is available only to Qualifying Shareholders and is limited to £2,210,900. Campbell O'Connor & Co has also agreed to effect a private placing of New Ordinary Shares at the Offer Price to Qualified Investors. The Open Offer and Placing will close at 4.30 p.m. on 19 May 2011.

Where Qualifying Shareholders either individually or in aggregate apply for more than £2,210,900 of New Ordinary Shares, such Qualifying Shareholders shall have their applications scaled back on a basis as nearly as practicable to the amount so applied for against the total number of New Ordinary Shares being applied for by all Placees and Qualifying Shareholders.

Assuming all of the New Ordinary Shares are allotted, the Company will raise £5,000,000 before expenses (estimated at £300,000). The net proceeds will be used to pay down existing borrowings and to provide the Group with additional working capital as described below. Further details of the Open Offer are set out in Part 3 of this document.

The Company has received welcome support from Kenglo, through £2,500,000 of convertible loans and a secured £1,000,000 loan. Further details are set out in section 3 below. £2,000,000 of the convertible loan and interest and the £1,000,000 secured loan and interest are due for repayment on 31 May 2011. At present, the Company does not have sufficient working capital to enable it to repay both loans plus interest on that date. The £1,000,000 loan is secured by a charge over the entire issued share capital of The Oil Mining Company Inc., the Company's wholly owned subsidiary, and the assignment of the Red Leaf Licence.

The directors consider that a minimum amount of £3,500,000 (before expenses) needs to be raised by the Company by way of equity investment before 31 May 2011 to allow the Company to meet its working capital requirements. If this sum is raised Kenglo may elect to convert the £2,000,000 convertible loan into Ordinary Shares. The Minimum Amount assumes conversion of Kenglo's £2,000,000 convertible debt into Ordinary Shares and will not be treated as satisfied if this does not occur. Of the £3,500,000 raised, the Board intends that £1,046,383 will be used to repay the secured loan. The remaining £549,151 loan and interest may be converted or repaid in August 2011. The remainder will be utilised for working capital.

If less than the Minimum Amount is raised by equity investment before 31 May 2011 then neither the Placing nor the Open Offer shall complete and all subscriptions will be returned to investors. Completion of the Placing and Open Offer is therefore conditional upon raising the Minimum Amount. Shareholders should be aware that if the Minimum Amount is not raised then the Company will be unable to repay the loans to Kenglo.

In addition, the Company also announces that it intends to make an application for its issued and to be issued Ordinary Shares to be re-admitted to trading on AIM. It is currently envisaged that the application for the proposed admission to AIM will take place before the end of 2011.

The purpose of this document is to explain the background to, reasons for and terms of the Placing and Open Offer and to provide Qualifying Shareholders with an update on the Group's current and future strategy. You should read the entire document and your attention is drawn to Parts 1 and 3 which contain important information in relation to the Company and the Open Offer and to the Risk Factors in Part 2.

A summary of the arrangements relating to the Open Offer are set out in section 4 below. This document and the Application Form contain the formal terms and conditions of the Open Offer.

## **2. Background to and reasons for the Placing and Open Offer**

The net proceeds of the Placing and Open Offer (after repayment of borrowings) will be used by the Company to provide the Group with additional funding for its working capital requirements and will be applied to preparing for the Company's Front End Engineering Design (FEED) and in connection with the Company's proposed admission to AIM.

## **3. The Company and its investment strategy**

The intention to build a successful company remains and we have many of the elements already in place to achieve this goal.

The strategy of the Company remains to offer shareholders and potential investors an exciting Oil Shale investment with an early target for production potential.

A number of initiatives have been implemented in preparation for the proposed admission of TomCo to AIM targeted to be before the end of the year.

As we have announced, we are pleased that significant progress has been made and Westhouse Securities Ltd ("**Westhouse**") is acting as Financial Adviser to the Company to prepare the Company for the planned AIM Admission. In addition, all other advisers have been either engaged or have agreed to act for the Company in respect of the AIM admission process and to act for the Company in the future.

Recently the Board of Directors has been restructured and strengthened and two new directors have been appointed Miikka Haromo as Finance Director and me as Chairman. It has been agreed that Nick Wright, currently our independent Petroleum Geologist and Chief Operating Officer, will join the Board on admission to AIM.

### **Oil Shale**

Oil Shale is a sedimentary rock which is rich in organic matter (kerogen), which is the source material for oil. When heated to high temperatures of 400<sup>0</sup> C to 900<sup>0</sup> C for a short time (hours to weeks) these rocks generate a synthetic petroleum product by a process known as pyrolysis. Oil yields can be high in the richest deposits, up to 20 to 40 gallons of oil per ton of rock; at Holliday Block the average yield is estimated to be around 22 gallons per ton.

The USA has major Oil Shale deposits located in Wyoming, Utah and Colorado which are estimated to contain over 1.5 trillion barrels of oil in place. The richest are the Mahogany Zone in which TomCo's Oil Shale Leases are situated.

TomCo holds approximately 3,000 acres of Oil Shale Leases in two leases in Uinta County, Utah, of which Holliday Block comprises about 1,000 acres. SRK have previously assessed these leases to contain upwards of 230m barrels of potentially recoverable oil.

TomCo has received a Competent Persons Report (CPR) by the independent mining engineers SRK Consulting (SRK), which includes an updated assessment of the resources present on the Company's Oil Shale Leases in the Uinta Basin, Utah. This is a significant milestone in the Company's evaluation of these assets, in particular the Holliday Block property, where the Company plans to develop an oil shale production operation.

Following re-mapping of the area incorporating all of the new data, SRK has updated its assessment of the Holliday Block, and has up-graded the oil shale resources to an "Indicated Mineral Resource" under the

JORC Code. The estimated quantities of oil have increased to 123 million barrels on the main tract of this single lease.

The upside potential for Oil Shale is significant and well documented, especially in the United States. In recent months there has been increasing amounts of activity in Utah relating to the beginnings of an Oil Shale industry in that State, where there is strong political support. Red Leaf Resources Inc (Red Leaf), who have leases adjacent and with similar topography to our own, are planning an average 9500 barrel a day production operation.

The Red Leaf Licence for Red Leaf's innovative and eco-friendly EcoShale technology for the extraction of oil from Oil Shale includes provision for access to all Red Leaf's technology as it evolves, which will enable TomCo to go forward with a largely identical production operation on our lease at "Holliday Block". We would plan this to start about a year behind Red Leaf with "first oil" targeted for 2014.

### **Extraction of Oil from Oil Shale**

A number of technologies for the extraction of oil from Oil Shale have been developed and applied over the last 100 years or so, ranging from various "retort" processes applied to open cast or underground mined feedstocks, to the experimental large scale "in-situ" methods being investigated by number of oil majors in the US. Many of the newer technologies target the Green River Shale basins of Colorado and Utah, where the Mahogany Zone is well developed and the very large resource potential exists, but their large scale commercial viability has yet to be proved.

The EcoShale "In-Capsule" process developed by Red Leaf is a new extraction technique which incorporates some of the elements of both "retort" and "in-situ" methods, and is ideally applied to areas where the richest Mahogany Zone is close to the surface and can be open-cast mined at medium scale. The process has a relatively modest environmental impact and is regarded as suitable for smaller tracts of high quality Oil Shale resources such as those held by Red Leaf and by TomCo.

### **Red Leaf**

Red Leaf has tested its EcoShale technology with a successful pilot operation at Seep Ridge in 2008/9 a few miles from TomCo's lease at Holliday Block. This produced a high quality oil product with no fines which may be capable of a sale price premium over conventional crude oils.

### **Funding TomCo**

TomCo plans to raise up to £10,000,000 in the short term by this Placing and Open Offer and through institutional placings some of which may be conditional upon admission to AIM which is targeted for by the end of this year. This money will be used to fund the Company's Front End Engineering Design (FEED), develop a detailed Mining Plan and provide working capital. After Red Leaf is in production at Seep Ridge TomCo will seek to raise funds for its own production facility at Holliday Block which will be in the region of \$200,000,000. At this stage the 9500 barrels of oil a day production project at Holliday Block is expected to be acceptable to banks, allowing TomCo the opportunity to raise bank loans as part of this funding requirement.

### **Kenglo**

As shareholders are aware, the Company has been funded by Kenglo with an investment of £1,367,500 for Ordinary Shares (Kenglo holds 26% of Existing Ordinary Shares in the Company), a £1,000,000 secured loan and £2,500,000 of convertible loans. The £1,000,000 loan was made on 31 December 2010 and was used to satisfy the Company's obligation to make payment of \$1,000,000 to Red Leaf pursuant to the Red Leaf Licence with the remainder being used as working capital. The loan is repayable in full on 31 May 2011 together with interest at a rate of 12% per annum and is secured by a charge over the entire issued share capital of The Oil Mining Company Inc., the Company's wholly owned subsidiary, and the assignment of the Red Leaf Licence. At the time the £1,000,000 loan was made Kenglo agreed to extend the trigger date of £2,000,000 of the convertible loan to 31 May 2011. The trigger date for repayment or conversion of the remaining £500,000 is 5 August 2011.

The Minimum Amount assumes conversion of Kenglo's £2,000,000 convertible debt into Ordinary Shares and will not be treated as satisfied if this does not occur. If Kenglo converts its convertible loans into Ordinary Shares, the conversion price will be the lower of: 3p; the price per Ordinary Share offered to the public on an initial public offering by the Company; or the lowest price paid per Ordinary Share by any party investing in the Company during the period between 5 August 2010 and the date of admission of Ordinary Shares to trading in AIM.

Interest is payable on the convertible loans at a rate of 12% per annum. Kenglo has the right to convert all its convertible loans into Ordinary Shares and if the Minimum Amount is raised and assuming full conversion of £2,000,000 of convertible loans will hold below 29.99% of the issued share capital of the Company.

The first £1,046,383 of the funds raised under the Placing and Open Offer will be applied to repay the secured loan and interest.

Shareholders should be aware that if the Minimum Amount is not raised the Company will not be able to repay the secured loan and interest and the £2,000,000 convertible loan and interest and Kenglo may be able to enforce its security.

As part of the funding arrangements with Kenglo, the Company entered into an investment agreement which contains certain rights for Kenglo whilst it holds at least 15% of the issued share capital of the Company and until admission of the Company's shares to AIM or a recognised investment exchange. Kenglo has the right to appoint a director to the board of the Company and its consent is required for certain corporate actions such as increasing the share capital of the Company, issuing shares and entering into certain borrowing arrangements.

#### **Annual Report and Financial Statements**

The audited accounts for 2008 and 2009 have now been completed and are enclosed and those for 2010 are being audited by BDO for inclusion in the financial reporting in respect of the planned AIM admission which BDO will also be the Reporting Accountant.

### **4. The Placing and Open Offer**

#### **4.1 Principal terms of the Placing and Open Offer**

The Company is proposing to raise £5,000,000 (before expenses) by the issue of up to 166,666,666 New Ordinary Shares pursuant to the Placing and Open Offer, representing approximately 17.99 per cent. of the Enlarged Share Capital. The New Ordinary Shares are available to: those Placees secured by Campbell O'Connor & Co; and Qualifying Shareholders pursuant to the Open Offer at the Offer Price, payable in full on acceptance. The Placing is only available to Qualified Investors.

Where Qualifying Shareholders individually or in aggregate apply for more than £2,210,900 of New Ordinary Shares, such Qualifying Shareholders shall have their applications scaled back on a basis as nearly as practicable to the amount so applied for against the total number of New Ordinary Shares being applied for by all Qualifying Shareholders and Placees.

Consequently, the Company cannot guarantee that Qualifying Shareholders will receive the number of New Ordinary Shares for which they have applied.

Applications by Qualifying Shareholders (including where scaled back) will be rounded down to the nearest whole number of New Ordinary Shares. Fractions of New Ordinary Shares will not be allotted to Qualifying Shareholders.

Not all Shareholders will be Qualifying Shareholders. Shareholders who are located in, or are citizens of, or have a registered office in United States of America, Canada, Australia, Japan or the Republic of South Africa will not qualify to participate in the Open Offer. The attention of Overseas Shareholders is drawn to paragraph 6 of Part 3 of this document.

Qualifying Shareholders should note that the Open Offer is not a rights issue and therefore the New Ordinary Shares which are not applied for by Qualifying Shareholders will not be sold or placed for the benefit of Qualifying Shareholders who do not, or who are unable to, apply under the Open Offer. The Application Form is not a document of title and cannot be traded.

As a result of the proposed Open Offer and the Placing, the percentage shareholdings of Shareholders in the Company's issued ordinary share capital may be diluted.

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

**The Placing and Open Offer are conditional upon the passing of Resolutions to be proposed at the EGM. Accordingly, if these conditions are not satisfied the Placing and Open Offer will not proceed.**

**Further terms and conditions of the Open Offer are set out in Part 3 and in the Application Form.**

#### **4.2 Settlement**

Definitive certificates for the New Ordinary Shares will be despatched by post on or before 3 June 2011. All documents or remittances sent by or to an applicant (or his agent as appropriate) will be sent through the post and will be at the risk of the applicant.

#### **4.3 Dividend policy**

The Directors do intend that the Company will commence the payment of dividends when it becomes commercially prudent to do so and subject always to the Company having sufficient distributable profits to enable it to do so.

#### **4.4 Overseas shareholders**

The attention of Qualifying Shareholders who have registered addresses outside the United Kingdom or Republic of Ireland, or who are citizens or residents of countries other than the United Kingdom or Republic of Ireland, 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 United Kingdom or Republic of Ireland (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 take up their entitlements under the Open Offer.

#### **4.5 Taxation**

Any person who is in any doubt as to his or her taxation position in whichever jurisdiction they are subject to taxation, should consult their professional adviser without delay.

#### **4.6 Additional information**

The attention of Shareholders is drawn to the information contained in Parts 2 and 3 of this document which provides additional information on the principal risks attached to the purchase of Ordinary Shares in the Company and the Open Offer.

### **5. Warrants and Option**

- 5.1 The Company has adopted the following warrant instruments to incentivise current directors and management of the Company.
- 5.2 A warrant instrument was adopted by the Company on 22 December 2006 ("Strand Warrant Instrument") which granted Strand Hanson Securities Limited the right to subscribe at 2.5p per Ordinary Share for such number of Ordinary Shares as represents 2 per cent. of the Ordinary Share capital of the Company on the date of exercise. The Strand Warrant may be exercised at any time during the five year period from 17 January 2007 to 16 January 2012.
- 5.3 A warrant instrument was adopted by the Company on 19 May 2008 ("2008 Warrant Instrument") which granted to holders of 2008 Warrants the right to subscribe for an aggregate of 45,000,000 Ordinary Shares at 2.5p per Ordinary Share. Pursuant to the 2008 Warrant Instrument, Stephen Komlosy and John May who are directors of TomCo each holds 10,000,000. The 2008 Warrants may be exercised during the five year period from 15 May 2008 to 15 May 2013.
- 5.4 A warrant instrument was adopted by the Company on 14 January 2009 ("2009 Warrant Instrument") which granted the right to GEM Global Yield Fund to subscribe for 34,666,667 Ordinary Shares at 1.5p per Ordinary Share. The 2009 Warrants may be exercised during the three year period from 14 January 2009 to 14 January 2012.

5.5 On 1 April 2010 Kenglo and Sir Nicholas Bonsor entered into an option agreement granting him the option to acquire up to 10,000,000 Ordinary Shares at 3p per Ordinary Share. The option may be exercised at anytime from date of grant to 31 March 2013.

## **6. Extraordinary General Meeting**

A notice of EGM is set out at the end of this document convening an annual general meeting of the Company to be held at 12p.m. on 20 May 2011 at One Portland Place, London W1B 1PN at which resolutions will be proposed to:

- increase the share capital of the Company from £7,500,000 to £10,000,000;
- grant the directors authority to allot Ordinary Shares;
- re-register as an Isle of Man 2006 Act Company;
- adopt new articles of association;
- adopt a new memorandum of association;
- receive the Company's annual accounts for the financial year ended 30<sup>th</sup> September 2008 together with the directors' report, and the auditors' report on those accounts; and
- receive the Company's annual accounts for the financial year ended 30<sup>th</sup> September 2009 together with the directors' report, and the auditors' report on those accounts.

The Isle of Man Companies Act 2006 ("**2006 Act**") came into force on 1 November 2006 and some of the key features for companies incorporated under the 2006 Act include: no requirement for authorised share capital, reduced compulsory registry filings, less prescriptive accountancy requirements and no capital maintenance requirements.

The 2006 Act permits companies incorporated under the Companies Act 1931, such as TomCo, to re-register as 2006 Act companies. The application to re-register must be approved by shareholders and new memorandum and articles of association must be adopted and appropriate resolutions are included in the Notice of EGM.

Whilst a 2006 Act company is not required to hold AGMs, the directors intend that the Company continue to hold AGMs. A further change is that the concept of "ordinary", "special" and "extraordinary" resolutions are not recognised by the 2006 Act and resolutions at meetings are passed by the approval of members holding in excess of 50% of the voting rights exercised (subject to any contrary provision as the 2006 Act or in the company's memorandum or articles of association).

Resolutions will be proposed at the EGM to amend the Company's memorandum of association and articles of association. The amendment to the memorandum of association is to adopt a memorandum of association appropriate for a company re-registered under the 2006 Act. Whilst it is proposed that the New Articles of Association will be adopted, there will be few changes to the current articles of association of the Company. An important amendment is to give the Director's authority to allot shares in the Company. This means that the articles of association will not need to be amended each time and instead a separate resolution granting authority to allot shares will be proposed. A further amendment is to grant the Directors the right to authorise the payment of dividends. A summary of the provisions of the New Articles of Association is set out in Part 4 of this document.

## **7. Action to be taken**

### **7.1 In respect of the Open Offer**

Qualifying Shareholders wishing to apply for New Ordinary Shares must complete the accompanying Application Form in accordance with the instructions set out in Part 3 of this document and on the accompanying Application Form and return it with the appropriate payment to Campbell O'Connor & Co, 8 Cope Street, Dublin 2, Republic of Ireland, so as to arrive no later than 4.30 p.m. on 19 May 2011.

The attention of Overseas Shareholders is drawn to the relevant paragraph headed Overseas Shareholders in paragraph 6 of Part 3 of this document and to the warranty concerning Overseas Shareholders on the Application Form. If you do not wish to apply for any New Ordinary Shares under the Open Offer, you should not complete or return the Application Form. If you are in any doubt as to what action you should take, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor or other independent adviser duly authorised under FSMA who specialises in advice on the acquisition of shares and other securities.

## 7.2 In respect of the EGM

A form of proxy is enclosed for use at the EGM. Whether or not you intend to be present at the meeting you are requested to complete, sign and return the form of proxy to Computershare Investor Services, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ as soon as possible but in any event so as to arrive no later than 12 p.m. on 18 May 2011. The completion and return of a form of proxy will not preclude you from attending the meeting and voting in person should you subsequently wish to do so.

## 8. Summary

With the timely and appreciated support of Kenglo, on balance TomCo has been able to continue to pursue its commercial objectives despite the economic downturn, but now requires additional working capital.

I am pleased to report that in December 2010, the Company and its subsidiary Luton Kennedy Limited entered into a compromise agreement with Avenue Inc. and its subsidiary Avenue Energy Israel Limited which terminated the arrangements and agreements between the parties in relation to the Heletz and Iris licences in Israel. Under the compromise agreement the parties released each other from all claims between them and neither the Company nor its subsidiary has any liabilities in relation to the Heletz or the Iris licences in Israel.

I believe that we are going forward with an excellent team and an exciting project that holds high potential for the future. However, as with all companies of this nature there remains risk. TomCo is not risk free and set out in Part 2 are a list of the risks the Board believes should be considered by investors evaluating whether to make an investment in the Company.

Your Board will send a circular to you in connection with the admission to AIM but in the meantime we hope this update goes some way towards answering your questions and provides you with confidence in the future of your Company. The new web site is now live and can be viewed at [www.tomcoenergy.com](http://www.tomcoenergy.com).

## 9. Recommendation

The Board believes that the Placing and Open Offer is in the best interests of the Company and its Shareholders as a whole. Accordingly, your Board unanimously recommends that shareholders vote in favour of the Resolutions as they intend to do in respect of their own beneficial holdings which comprise a total of 50,500,000 Ordinary Shares.

Yours faithfully

Sir Nicholas Bonsor Bt DL  
Chairman

## PART 2: RISK FACTORS

### **AN INVESTMENT IN THE COMPANY IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. AN INVESTOR IS EXPOSED TO THE RISK OF LOSING HIS ENTIRE INVESTMENT**

In addition to all other information set out in this document, potential investors should carefully consider the risk factors described below, which are not set out in any particular order of importance, before making a decision to invest in the Company.

If any of the following risks actually occur, the Company's business, financial condition, results or future operations could be materially adversely affected. In such circumstances, the price of the Ordinary Shares could decline and investors could lose all or part of their investment. This document contains forward-looking statements that involve risks and uncertainties. The Company's results could actually differ materially from those anticipated in the forward looking statements as a result of many factors, including, without limitation, the risks faced by the Company, which are described below and elsewhere in the document. It should be noted that the risks described below are not the only risks faced by the Company; there may be additional risks and uncertainties that the Directors currently consider not to be material or of which they are currently unaware and which may also have an adverse effect on the Group's business.

#### **COMPANY SPECIFIC RISKS**

##### **Funding**

The Placing and Open Offer is a preliminary funding ahead of the planned admission of the Company's ordinary shares to trading on AIM. The funds proposed to be raised under the Placing and Open Offer are not underwritten, admission cannot be guaranteed and may not occur.

##### **Liquidity**

Unless and until admission to AIM occurs, there is unlikely to be any liquidity of the Company's shares with the result that investors are unlikely to be able to sell their Ordinary Shares.

##### **Working Capital**

Without raising the Minimum Amount the Company does not have sufficient working capital to repay the £1,000,000 secured loan and interest and the £2,500,000 convertible loans and interest. The Company's working capital model has been prepared on the basis that the Minimum Amount is raised and that Kenglo converts £2,000,000 of its convertible loan into Ordinary Shares.

##### ***Risks associated with oil shale***

In the USA the oil shale industry has to date failed to produce hydrocarbons on a significant commercial scale from oil shale despite substantial research and significant expenditures.

The commercial extraction of hydrocarbons from oil shale has so far proven to be largely uneconomical owing to downward fluctuations in the price of oil in the USA despite substantial efforts and funding by major corporations for research, technology development, enhancement of extraction techniques, and improved mining efforts. As far as the Company is aware, no one to date has been able to effectively recover oil from oil shale on a significant commercial scale and subsequently sustain economic production at an operating cost less than the price for which the oil can be sold on a consistent basis. Factors that have proven difficult for the industry range from high capital costs, inefficient technology, high energy input per recoverable energy output, environmental concerns, infrastructure costs, high per barrel recovery costs, prohibitive pipeline transmission costs, expensive mining costs and barriers to upgrading refining processes.

The Company's success at Holliday Block depends on the ability of Red Leaf to demonstrate the economic viability of the EcoShale In-Capsule Process.

##### ***Risks associated with the EcoShale In-Capsule Process***

The Company's ability to commercialise its oil shale lease at Holliday Block depends, in the near term, upon the ability of Red Leaf to scale up production to a commercial level through application of the EcoShale™ In-Capsule Process. Red Leaf has conducted laboratory tests, computer simulations and has demonstrated the viability of the EcoShale In-Capsule Process in a pilot field installation which is located less than 15 miles from the Holliday Block. However, there can be no assurance that the EcoShale™ In-Capsule Process can be successfully developed and demonstrated with continuous

commercial production. Even if the process is successfully developed and demonstrated to be capable of commercial scale production, industry conditions may change to make the process uneconomic or to decrease the demand for the oil produced from the oil shale. Without significant advancements in other technology, extraction processes, public policy, transmission and environmental solutions, and other developments to meet existing challenges, the Company may not be able to implement its business plan for the oil shale leases.

#### **Beneficial public policy may be needed to entice investment into the US oil shale industry**

The success of the oil shale industry in the United States and abroad may depend on future beneficial public policy measures mitigating risk and enticing capital. In other countries where successful unconventional hydrocarbon extraction is underway, such as Canadian tar sands projects, significant government subsidies, graduated tax royalty rates, loan guarantees, floor pricing, hedging contracts and environmental holiday measures were initiated or supported by their governments to advance their industries. The same measures or similar measures may be needed to advance an oil shale industry in the United States and obtaining and benefiting from such policy measures cannot be guaranteed for the Company's projects and implementation of them is beyond the Company's control.

#### **Licensing outside oil shale extraction technology may be necessary and difficult to obtain**

There are many existing patents regarding kerogen oil (i.e. oil extracted from oil shale) and synfuels gas extraction, upgrading and refining. Major oil companies have substantial assets, legal, research and development departments which are rapidly expanding their intellectual property rights which, in turn, may have the potential to limit Red Leaf's technology and extraction options. Depending on various aspects of technology interpretation or use, the owner of the EcoShale™ In-Capsule Process may be subject to protest, infringement or forced negotiation to resolve technology issues or obtain licensing agreements. Such negotiations, settlements or rulings may slow or limit our own application of the technology to the Oil Shale Leases, and may adversely affect TomCo's revenues, financial condition and business prospects.

#### **Relevant pipeline transmission of oil and natural gas is limited in the Uinta Basin, Utah and new pipelines may be needed in the future to access refining facilities and sales in larger markets**

The market for pipeline capacity, gathering stations and trucking capabilities in the Uinta Basin, in which the oil shale leases are located, may become highly competitive. As production increases in the region, pipeline and transportation methods may become more difficult to obtain which could limit the Company's production capability and adversely affect profits. If additional pipeline and transportation methods are needed, substantial costs and significant capital will need to be raised, which could adversely affect the profitability, debt liabilities and risk exposure of the Company.

#### ***General exploration, development and production risks***

##### **Inherent risks in energy resource extraction**

Energy resource extraction, and in particular the development of new extraction technologies and processes, is typically carried out in an environment where not all events are predictable. Whilst effective management and research and development teams can both identify certain risks and take measures to manage and mitigate these risks, there is still the possibility for unexpected and unpredictable events to occur. It is, therefore, not totally possible to remove all risks or state with certainty that an event that may have a material impact on the operations of the Company will not occur.

##### **Resource and reserve estimates**

Hydrocarbon resource and reserve estimates are expressions of judgment based on knowledge, experience and industry practice. They may therefore be imprecise and depend to some extent on interpretations which may prove to be inaccurate. Estimates that were reasonable when made may change significantly when new information from additional drilling and analysis or costs becomes available. This may result in alterations to development and production plans.

##### **General project risks**

Operating parameters and costs can be difficult to predict and may be affected by factors outside the Company's control. Any revenues which may be generated from the projects in which the Company has invested are likely to be subject to volatile market prices and to be affected by numerous factors which are beyond the Company's control. These factors include global and regional economic and political events and international economic trends, as well as a range of other market forces.

## **Environmental Issues**

The Group's operations are subject to the environmental risks inherent in the mining and oil and gas industries. The Group is subject to environmental laws and regulations (including amongst other things regular environmental impact assessments and the obtaining of appropriate permits) in connection with all of its operations. Although the Company intends to be in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other circumstances that could subject the Company to extensive liability which it may be unable or unwilling to cover by insurance.

Furthermore, the Group may require approval from the relevant authorities before it can undertake activities which are likely to impact the environment. Failure to obtain such approvals will prevent the Group from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Group's cost of doing business or affect its operations in any area.

## **Volatility of oil prices**

The market price of oil and gas is volatile and is affected by numerous factors which are beyond the Company's control. These include international supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, international economic trends, currency exchange rate fluctuations, the level of interest rates, the rate of inflation, global or regional economic and political developments, actions taken by governments and international cartels and Acts of God as well as a range of other market forces. International oil and gas prices have fluctuated wildly in recent years and may continue to do so in the future. Fluctuations in oil and gas prices and, in particular, a material decline in the price of oil and gas, may have a material adverse effect on the Company's business, financial condition and results of operations. Oil and gas prices could also affect the commercial viability of developing the Company's assets, and could render the development of the Oil Shale Leases as being uneconomic.

## **The Company may not be able to sell its oil**

The proximity of the Company's projects to pipelines and the available capacity of such pipelines and other transportation, processing and refining facilities will affect the Company's ability to sell its production efforts. Even if it effectively extracts hydrocarbons in the form of kerogen oil, synfuels or other gases in commercial quantities, a substantial period of time may elapse before such hydrocarbons can be sold due to refining, storage and transportation limitations. Such limitations may have a materially adverse impact on the Group's financial condition.

## **Competition**

The oil industry is highly competitive in all its phases. The Company will compete with other companies. The Company's competitive position depends on such matters as its geological, geophysical and engineering expertise and its financial resources. Some of the Company's competitors, including major oil companies, have greater financial and other resources than the Company, including substantial global refining and downstream processing and marketing operations. As a result, such companies may be in a better position to compete for business opportunities and there can be no assurance that the Company can compete effectively with these companies.

## *General and Corporate Risks*

### **Limited operating history and uncertainty of future revenues**

TomCo has a limited operating history and trading record and it is therefore difficult to evaluate the Company's business and future prospects.

The future success of the Group is dependent on the Directors' ability to implement its strategy. Whilst the Directors are optimistic about the Group's prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved.

The Company faces risks frequently encountered by developing companies. In particular, its future growth and prospects will depend on its ability to manage growth and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Company's growth could have a material adverse effect on the Company's business, financial condition and results of operations.

**Investment returns are dependent on the timely development of the Company's assets and the successful implementation of the Company's strategy**

The value of an investment in the Company is dependent upon the Company exploiting successfully its oil shale leases and any delay in the development of these assets or the ability to successfully implement the Company's strategy may affect projected returns. To optimise returns, Shareholders may need to hold the Ordinary Shares on a long-term basis and they may not be suitable for short-term investment.

**Additional requirements for capital**

In the future the Company will need to raise additional funds in the form of equity, debt or in other forms in order to exploit fully its investments in the Oil Shale Leases and to implement its production programme. Any additional equity financing may be dilutive to Shareholders and debt financing, if available, may involve restrictions on the financing and operating activities of the Company.

There can be no assurance that such funding as may be required by the Company will be made available to it, and, if such funding were to be available, that it would be offered to the Company on reasonable terms. If the Company is unable to obtain additional financing as needed, the Company may not be able to fulfil its strategy, which would have a material adverse effect on the Company's business, financial condition and prospects.

**Gearing and interest rates**

Prospective investors should be aware that the Company may choose to raise further funds in the form of debt. The use of borrowings creates the risk that the borrower may be unable to service the interest payments or comply with the other requirements of the lender.

**Conflicts of interest and influence of principal Shareholders**

Currently Kenglo owns approximately 26% per cent of the Existing Ordinary Shares. Accordingly, Kenglo will be in a position to exert significant influence over the outcome of matters relating to the Group, including the appointment of the Group's board of directors and the approval of significant transactions. In addition, this control may have the effect of making certain transactions more difficult without the support of Kenglo and may have the effect of delaying or preventing an acquisition or other change in control of the Group.

**Exchange risk**

Any future income of the Company is likely to be subject to exchange rate fluctuations and may become subject to exchange control or similar restrictions.

The risks listed above do not necessarily comprise all those faced by the Company.

## PART 3: TERMS AND CONDITIONS OF THE OPEN OFFER

### OPEN OFFER OF NEW ORDINARY SHARES AT A PRICE OF 3 PENCE PER SHARE

#### 1. Introduction

As the letter from the Chairman set out in Part 1 explains, the Company proposes to raise up to £5,000,000 before expenses by way of the Placing and Open Offer.

Pursuant to the Placing and Open Offer, 166,666,666 New Ordinary Shares are being offered to Placees and Qualifying Shareholders at 3 pence per share.

The Open Offer is limited to £2,210,900.

#### 2. The Open Offer

Qualifying Shareholders are hereby invited, subject to the terms and conditions set out below and, where relevant, in the Application Form, to apply for New Ordinary Shares at a price of 3 pence per share payable in full on application.

Placees (through Campbell O'Connor & Co) are entitled to subscribe for as few or as many New Ordinary Shares as they wish.

Where Qualifying Shareholders either individually or in aggregate apply for more than £2,210,900 of New Ordinary Shares, such Qualifying Shareholders shall have their applications scaled back on a basis as nearly as practicable to the amount so applied for against the total number of New Ordinary Shares being applied for by all Placees and Qualifying Shareholders.

Entitlements of Qualifying Shareholders to New Ordinary Shares will be rounded down to the nearest whole number of shares.

Not all Shareholders will be Qualifying Shareholders. Shareholders who are located in, or are citizens of, or have a registered office in United States of America, Canada, Australia, Japan or the Republic of South Africa will not qualify to participate in the Open Offer.

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

To the extent that the monies subscribed by an applicant in relation to any valid application for New Ordinary Shares issued pursuant to that application exceeds the aggregate value of the Offer Price of the New Ordinary Shares to be issued pursuant to that application, the excess subscription monies will be returned by post to that applicant (at the applicants risk without interest).

If the Minimum Amount is not raised pursuant to the Open Offer and/or Placing then subscription monies will be returned by post to each applicant (at the applicants risk without interest). The Minimum Amount assumes conversion of Kenglo's £2,000,000 convertible debt into Ordinary Shares and will not be treated as satisfied if this does not occur.

Qualifying Shareholders who have sold or transferred all or part of their registered holdings prior to the Record Date are advised to consult their stockbroker, bank or other agent through or by whom the sale or transfer was effected as soon as possible.

Applications for New Ordinary Shares will be irrevocable. The New Ordinary Shares will, when issued and fully paid, rank pari passu in all respects and carry the same voting rights as the Existing Ordinary Shares.

**Qualifying Shareholders should note that the Open Offer is not a rights issue and therefore the New Ordinary Shares which are not applied for by Qualifying Shareholders will not be sold for the benefit of Qualifying Shareholders who do not, or who are unable to, apply under the Open Offer. The Application Form is not a document of title and cannot be traded.**

**Before making any decision to acquire New Ordinary Shares, you are asked to read and carefully consider all the information in this document, including in particular the important information set out in the letter from the Chairman of the Company in Part 1 of this document, as well as this paragraph 2 of this Part 3 and the Risk Factors set out in Part 2 of this document. Shareholders who do not, or who are unable to, participate in the Open Offer will be subject to dilution of their existing TomCo shareholdings. The material terms of the Open Offer are contained in paragraph 3 of Part 1 of this document.**

### **3. Procedure for application and payment**

#### **3.1 General**

Each Qualifying Shareholder will have received an Application Form accompanying this document.

Qualifying Shareholders and Placees (through Campbell O'Connor & Co) are entitled to subscribe for as few or as many New Ordinary Shares as they wish.

Where Qualifying Shareholders either individually or in aggregate apply for more than £2,210,900 of New Ordinary Shares, such Qualifying Shareholders shall have their applications scaled back on a basis as nearly as practicable to the amount so applied for against the total number of New Ordinary Shares being applied for by all Placees and Qualifying Shareholders.

The Application Form has not been sent to Overseas Shareholders with registered addresses in the United States of America, Canada, Australia, Japan or the Republic of South Africa and brokers/dealers and other parties may not submit Application Forms on behalf of Overseas Shareholders with registered addresses in any of these countries.

Applications by Qualifying Shareholders for New Ordinary Shares pursuant to the Open Offer may only be made on the Application Form, which is personal to the Qualifying Shareholder(s).

Applications will be irrevocable and, once submitted, may not be withdrawn and their receipt will not be acknowledged. The Company reserves the right to treat any application not strictly complying with the terms and conditions of application as valid.

Qualifying Shareholders wishing to apply for New Ordinary Shares should complete and sign the Application Form in accordance with the instructions printed on it and return it, either by post or by hand (during normal business hours only), together with a pounds sterling cheque or bankers draft to the value of the New Ordinary Shares applied for on the Application Form, to Campbell O'Connor & Co, 8 Cope Street, Dublin 2, Republic of Ireland as soon as practicable and, in any event no later than 4.30 p.m. on 19 May 2011. Shareholders posting Application Forms are advised to check how many business days it will take for delivery to ensure their Application Forms are received by this time.

#### **3.2 Payments**

Cheques must be drawn on the personal account to which you have sole or joint title to the funds. **Your cheque or banker's draft should be crossed "account payee" and made payable to "Campbell O'Connor & Co".**

Cheques and bankers drafts will be presented for payment on receipt and it is a term of the Open Offer that cheques and banker's drafts will be honoured on first presentation.

#### **3.3 Effect of application**

By completing and delivering an Application Form you (as the applicant(s)):

- (a) agree that your application, the acceptance of your application and the contract resulting therefrom under the Open Offer shall be governed by, and construed in accordance with the laws of England and Wales;
- (b) confirm that in making the application you are not relying on any information or representation other than those contained in this document and the Application Form and you accordingly agree that no person responsible solely or jointly for this document or any part of it shall have any liability for any information or representation not contained in this document and that

having had the opportunity to read this document you will be deemed to have notice of all the information concerning the Group contained within this document;

- (c) represent and warrant that you are not resident(s) of the United States of America, Canada, the Republic of South Africa, Australia or Japan and are not applying on behalf of, or with a view to the re-offer, re-sale or delivery of the New Ordinary Shares directly or indirectly in, into or within the United States of America, Canada, the Republic of South Africa, Australia or Japan, or to a resident of the United States of America, Canada, the Republic of South Africa, Australia or Japan or to any person you believe is purchasing or subscribing for the purpose of such re-offer, re-sale or delivery; and
- (d) represent and warrant that you are not otherwise prevented by legal or regulatory restrictions from applying for New Ordinary Shares or acting on behalf of such person(s) on a non-discretionary basis.

All enquiries in connection with the Application Form should be addressed to Campbell O'Connor & Co, 8 Cope Street, Dublin 2, Republic of Ireland.

### **3.4 Return of subscription monies**

If prior to 19 May 2011 Qualifying Shareholders and/or Placees have not subscribed for sufficient New Ordinary Shares to raise the Minimum Amount, the Open Offer and Placing will not complete and the Company shall return all subscription monies to investors by post (at the investors risk without interest).

## **4. Money Laundering Regulation 2007**

It is a term of the application that, to ensure compliance with the Money Laundering Regulations 2007 (as amended), the Company or the Receiving Agent may, in their absolute discretion, require verification of identity to the extent not already provided. Pending the provision of evidence of identity, securities acquired hereunder may be retained at the absolute discretion of the Company or the Receiving Agent. If within a reasonable time after a request for verification of identity, satisfactory evidence has not been supplied, the Company may, at its absolute discretion, terminate any application in which event the subscription will be returned without interest and at the applicant's sole risk.

## **5. No public offering outside the United Kingdom or Republic of Ireland**

The Company has not taken, nor will it take, any action in any jurisdiction that would permit a public offering of New Ordinary Shares in any jurisdiction where action for the purpose is required, other than in the United Kingdom or Republic of Ireland.

## **6. Overseas Shareholders**

### **6.1 General**

No person receiving this document and/or an Application Form in any territory other than the UK or Republic of Ireland may treat it as constituting an invitation or offer to him, nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him and such Application Form could lawfully be used by him without contravention of any registration or other regulatory or legal requirement. In such circumstances, the document and/or the Application Form are sent for information only, are confidential and should not be copied or distributed.

### **6.2 North America**

Neither this document, the Application Form nor the New Ordinary Shares have been or will be registered under the United States Securities Act of 1933, as amended, or any applicable securities laws of any state of the United States of America, nor have they been, nor will they be qualified for sale under the securities law of any province or territory of Canada and the relevant exemptions are not being obtained from the Securities Commission of any province or territory of Canada. Except in a transaction which is exempt from the registration requirements of such laws, the New Ordinary Shares may not be, directly or indirectly, offered, sold, taken up or delivered in North America, or to or for the benefit of a North American Person (as defined below). Application Forms are not being sent to any Shareholder with a registered address in North America or who is known or believed by the Company

to be a North American Person, unless such Shareholder satisfies the Company (in its sole discretion) that an allotment is permitted under an exemption from the securities laws referred to above.

In this letter “North America” means the United States of America and Canada, their respective states, provinces, territories and possession and all areas subject to their respective jurisdictions and any political subdivision thereof and “North American Person” means any person who is in North America, or any citizen or resident of North America, who receives any Application Form in North America or who executes, authorises the execution of or sends in any Application Form from within North America and shall include the estate of any such person or any corporation, partnership or other entity created or organised under the laws of North America. References in this letter to “in North America” shall mean at the time the Open Offer is received and at the time any relevant Application Form is executed or authorised to be executed and returned.

### **6.3 Australia**

Neither this document nor the Application Form nor the New Ordinary Shares will be lodged or registered with the Australian Securities and Investments Commission under Australia’s Corporations Law and New Ordinary Shares are not being offered for subscription or sale and may not be offered, sold or delivered in or into Australia or for the account or benefit of any person or corporation in Australia. No Application Form will be sent to any person or corporation in Australia, including any Shareholder with a registered address in Australia. This document is being sent to such Shareholders for information purposes only and does not constitute an offer or invitation to apply for New Ordinary Shares. Payment under an Application Form will constitute a representation or warranty that the person entitled to the same has not received, sent or forwarded the Application Form in or into Australia or to any person or corporation in Australia, and is not subscribing for any of the New Ordinary Shares for the account or benefit of any person or corporation in Australia or with a view to their offer, sale or delivery directly or indirectly in or into Australia or to or for the account of any person or corporation in Australia.

### **6.4 Japan**

The relevant clearances have not been, and will not be, obtained from the Ministry of Finance of Japan, no document in relation to the Open Offer has been or will be lodged with or registered by the Ministry of Finance of Japan and no steps have been taken to enable the New Ordinary Shares to be offered, sold, accepted, or otherwise delivered in Japan, its territories and possessions and any areas subject to its jurisdiction in compliance with applicable laws of Japan. The New Ordinary Shares may not therefore be offered, sold or accepted or otherwise delivered directly, or indirectly, in or into Japan. Accordingly, Application Forms are not being sent to Qualifying Shareholders who have registered addresses in Japan. This document is being sent to such Shareholders for information purposes only and does not constitute an offer or invitation to apply for New Ordinary Shares.

## **7. Taxation**

If you are in any doubt about your tax position, you should consult your independent professional adviser immediately.

## PART 4: NEW ARTICLES OF ASSOCIATION

### 1.1 Articles of Association: synopsis

The rights attaching to the Ordinary Shares, as set out in the New Articles of Association, contain, amongst others, the following provisions:

#### 1.1.1 *Votes of members*

Subject to any special rights or restrictions as to voting attached to any shares, on a show of hands every member who is present in person shall have one vote, and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder.

#### 1.1.2 *Variation of rights*

If at any time the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the provisions of the Act, be varied or abrogated either (a) in such manner (if any) as may be provided by such rights; or (b) with the consent in writing of the holders of at least three fourths in nominal value of that class or with the sanction of a resolution passed by members holding at least 75% of the voting rights exercised in relation to the shares of that class at a separate meeting of the holders of that class but not otherwise. The quorum at such a meeting shall be not less than two persons holding or representing by proxy at least one third in nominal amount of the issued shares of the class in question.

#### 1.1.3 *Transfer of shares*

Subject to the provisions of the articles relating to CREST, all transfers of shares will be effected in writing in any usual or common form or in any other form acceptable to the Directors and may be under hand only and must be signed by or on behalf of the transferor. The transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of it.

The Directors may decline to recognise any instrument of transfer to register the transfer of a share in certificated form if in the opinion of the Directors (and with the concurrence of the London Stock Exchange) exceptional circumstances so warrant.

The articles of association contain no restrictions on the free transferability of fully paid ordinary shares provided that the transfers are in favour of not more than four transferees, the transfers are in respect of only one class of share and the provisions in the articles of association, if any, relating to registration of transfers have been complied with.

#### 1.1.4 *Payment of dividends*

The Directors may authorise the payment of dividends to the members in accordance with their respective rights and priorities at such time and in such amount as the Directors think fit, provided that the Directors are satisfied, on reasonable grounds, that the Company will satisfy the Solvency Test immediately after the distribution.

#### 1.1.5 *Unclaimed dividends*

Any dividend unclaimed after a period of 12 years from the date of its due date of payment shall at the expiration of that period be forfeited and cease to remain owing by the Company and shall thenceforth belong to the Company absolutely.

#### 1.1.6 *Return of capital*

On a winding-up of the Company, the balance of the assets available for distribution will, subject to any sanction required by the Act, be divided amongst the members.

### 1.1.7 Borrowing powers

Subject to the provisions of the Act, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets and uncalled capital, and to issue debentures and other securities whether outright or as collateral for any debt, liability or obligation of the Company or of any third party.

### 1.1.8 Directors

At every annual general meeting, one third of the Directors who are subject to retirement by rotation, or as near to it as may be, will retire from office by rotation, provided that if any year the number of directors shall be two, one of such Directors shall retire. A retiring Director is eligible for reappointment.

The Directors may from time to time appoint one or more of their body to be the holder of an executive office on such terms as they think fit.

Save as herein provided, a Director shall not vote on or in respect of any contract or arrangement or any other proposal in which he has any interest which is to his knowledge a material interest otherwise than by virtue of his interests in shares or debentures or other securities or rights of or otherwise in or through the Company. However a Director shall be entitled to vote in respect of any contract or arrangement or any other proposal in which he has any interest which is not material. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

In the absence of some other material interest than is indicated below, a Director is entitled to vote and be counted in the quorum in respect of any resolution concerning any of the following matters:

- (a) the giving of any security, guarantee or indemnity to him in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings; or
- (b) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (c) any proposal concerning an offer of shares or securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in its underwriting or sub-underwriting; The Company is not required to withhold tax at source;
- (d) any proposal concerning any other company in which he is interested, as defined in Part VI of the Act, provided that he is not the holder of or beneficially interested in one per cent. or more of any class of the equity share capital of such company;
- (e) any arrangement for the benefit of employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangements relates; and
- (f) any contract, arrangement, transaction or proposal concerning insurance which the Company proposed to maintain or purchase for the benefit of Directors or for the benefit or persons including the Directors.

If any question arises at any meeting as to the materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question must be referred to the chairman of the meeting and his ruling in relation to any other Director will be final and conclusive except in a case where the nature or extent of the interest of such Director has not been fully disclosed.

The Directors may provide or pay pensions, annuities, gratuities and superannuation or other allowances or benefits to any Director, ex-Director, employee or ex-employee of the Company or

any of its subsidiaries or any wife, widow, children and dependants of any such Director, ex-Director, employee or ex-employee.

#### 1.1.9 *General meetings*

All General Meeting shall be called by 14 days' notice at the least.

Notices must be given in the manner stated in the articles to the members, other than those who under the provisions of the articles or under the rights attached to the shares held by them are not entitled to receive the notice, to the Directors (including the alternate directors) and to the Auditors and (where required by the Acts) former auditors of the Company.

No business other than the appointment of a chairman shall be transacted at any General Meeting unless the quorum is present when the meeting proceeds to business. Save as set out in these Articles otherwise provided, two members present in person or by proxy and entitled to vote at the meeting shall be a quorum for all purposes.

At a general meeting a resolution put to the vote will be decided on a show of hands unless, before or on the declaration of the show of hands, a poll is demanded by the chairman or by at least five members present in person or by proxy and entitled to vote or by a member or members entitled to vote and holding or representing by proxy at least one tenth of the total voting rights of all the members having the right to vote at the meeting. Unless a poll is demanded as above, a declaration by the chairman that a resolution has been carried, or carried unanimously or by a particular majority, or lost, or not carried by a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of general meetings of the Company is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

The instrument appointing a proxy must be in writing in any usual or common form, or such other form as may be approved by the Directors, and will be signed by the appointor or by his agent duly authorised in writing or if the appointor is a corporation, must be either under its common seal or signed by an officer or agent so authorised. The Directors may, but will not be bound to, require evidence of authority of such officer or agent. An instrument of proxy need not be witnessed.

The instrument appointing the proxy shall be deemed to include the right to demand or join in demanding a poll but shall not confer any further right to speak at the meeting, except with the permission of the chairman of the meeting.

# **TOMCO ENERGY PLC**

*(incorporated in the Isle of Man with registered number 36210C)*

## **Notice of Extraordinary General Meeting**

Notice is hereby given that an extraordinary general meeting of the Company will be held at One Portland Place, London W1B 1PN on 20 May 2011 at 12 p.m. for the purposes of considering and, if thought fit, passing the following resolutions, of which resolutions 1, 2 and 3 are being proposed as ordinary resolutions and resolutions 4, 5, 6 and 7 as special resolutions.

### **Ordinary Resolutions**

1. That the authorised share capital of the Company be increased from £7,500,000 to £10,000,000 by the creation of 500,000,000 new Ordinary Shares of 0.5p each ranking pari passu in all respects with the Existing Ordinary Shares.
2. That the Company's annual accounts for the financial year ended 30<sup>th</sup> September 2008, together with the directors' report and auditors' report on those accounts, be presented.
3. That the Company's annual accounts for the financial year ended 30<sup>th</sup> September 2009 together with the directors' report and auditors' report on those accounts, be presented.

### **Special Resolutions**

4. That:
  - 4.1 The Directors are generally and unconditionally authorised to allot shares in the Company up to an aggregate nominal amount of £6,202,255, provided that this authority shall, unless renewed, varied or revoked by the Company in general meeting, expire on fifth anniversary of date of grant save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted and the Directors may allot shares in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.
  - 4.2 The existing articles of association of the Company be and are hereby amended by the deletion of the existing Article 3.2 thereof and its substitution with a new Article 3.2 in the terms set out in paragraph 4.1 of this resolution 4.
  - 4.3 The authority conferred upon the Directors by paragraph 4.1 of this resolution 4 shall, in the event that the Company is re-registered under the Companies Act 2006 pursuant to resolution 5, continue in full force and effect and shall be deemed to have granted pursuant to the articles of association of the Company in force from the time of such re-registration.
5. That the Company be re-registered under the Isle of Man Companies Act 2006.
6. That conditional upon the passing of resolution 5, the draft articles of association produced to the meeting and for the purposes of identification initialed by the Chairman, be adopted as the articles of association of the Company, in substitution for, and to the exclusion of, the existing articles of association.
7. That conditional upon the passing of resolutions 5 and 6, the draft memorandum of association produced to the meeting and for the purposes of identification initialed by the Chairman, be adopted as the memorandum of association of the Company, in substitution for, and to the exclusion of, the existing memorandum of association.

*By order of the Board*

John J May  
**Company Secretary**

26 April 2011

*Registered Office*

2<sup>nd</sup> Floor  
Sixty Circular Road  
Douglas  
Isle of Man  
1M1 1SA