

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the contents of this document and/or the action you should take, you are recommended to seek as soon as possible your own personal financial advice from your stockbroker, bank, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all your holding of shares in Trans-Siberian Gold plc you should immediately forward this document, including the Form of Proxy, as soon as possible to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Trans-Siberian Gold plc which is set out on pages 5 to 10 of this document in which the Directors of Trans-Siberian Gold plc recommend you to vote in favour of the resolutions to be proposed at the Extraordinary General Meeting.

TRANS-SIBERIAN GOLD PLC

*(Incorporated and registered in England and Wales under the Companies Act 1985
with registered number 1067991)*

**Proposed Placing of 26,657,899 new Ordinary Shares at
25.5 pence per new Ordinary Share**

**Proposed Conversion of Existing Debt Facilities
of approximately US\$6,170,961 and US\$2,021,041 respectively
into new Ordinary Shares**

and

Notice of Extraordinary General Meeting

Notice of an Extraordinary General Meeting of Trans-Siberian Gold plc to be held at the offices of Seymour Pierce, 20 Old Bailey, London EC4M 7EN at 10.30 a.m. on 18 August 2008 is set out on page 11 of this document. A Form of Proxy for use at the Extraordinary General Meeting is enclosed with this document for use at the Meeting. **To be valid, the Form of Proxy should be completed and returned in accordance with the instructions on it as soon as possible and, in any event, so as to be received by the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR, no later than 10.30 a.m. on 16 August 2008.** Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the Extraordinary General Meeting in person should they so wish.

The Placing Shares, including those arising from the Conversion, are not being offered to the public, will not be registered under the US Securities Act 1933 and are not being offered or sold in the United States.

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DEFINITIONS

In this document, the following words and expressions shall, except where the context requires otherwise, have the following meanings:

“Act”	the Companies Act 1985 as amended, and the Companies Act 2006 to the extent that it is operative;
“AGA”	AngloGold Ashanti Limited, including its affiliate AngloGold Ashanti Holdings plc;
“AGA Loan”	the facility of US\$6,000,000, the terms of which are set out in a loan agreement between (1) AGA and (2) the Company dated 22 June 2006 as amended by a deed of amendment dated 12 February 2007 plus accrued interest of US\$145,828 outstanding on the date of this letter and further interest of US\$25,133 expected to be accrued up to the date of the EGM (being the conversion date);
“AIM”	the AIM market of the London Stock Exchange;
“AIM Rules”	the rules for AIM Companies published by the London Stock Exchange;
“Asacha Licence”	licence series PTR No 11626 type BE for the purposes of the mining of gold and silver from the Asachinskoye gold ore deposit in the Kamchatka region, Russian Federation;
“Asacha Project”	the development of the Asacha mine for the extraction of the Asachinskoye gold deposit in accordance with the Asacha Licence;
“Board” or “Directors”	the board of directors of Trans-Siberian Gold plc;
“Closing Price”	the closing mid-market price for the Ordinary Shares;
“Company” or “TSG”	Trans-Siberian Gold plc;
“Conversion”	the conversion of the AGA Loan and the UFG Loan into approximately 16,062,748 new Ordinary Shares;
“Conversion Price”	25.5 pence per Ordinary Share subject to rounding down;
“Conversion Rate”	the closing mid-market US dollar/pounds sterling exchange rate on 15 August 2008 as stated in the Financial Times being the rate at which the Loans are to be converted into pounds sterling for the purpose of the Conversion, assumed in this document to be US\$2.00:£1;
“Conversion Shares”	the new Ordinary Shares being issued pursuant to the Conversion;
“Employee Share Option Scheme”	the Employee Share Option Scheme adopted by the Company on 26 September 2003 expiring on 26 September 2008;
“Enlarged Issued Share Capital”	the 83,884,596 Ordinary Shares which are expected to be in issue following completion of the Placing and the Conversion;

“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company convened for 10.30 a.m. on 18 August 2008, 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 in connection with the EGM;
“Group Company”	the Company and any company which is a subsidiary of the Company under section 736(1) of the Companies Act 1985 (while that section remains in force) or section 1159(1) of the Companies Act 2006 (once that section has come into force), but excluding any company which is such a subsidiary only because it falls within either sub-section (1)(b) or sub-section (1)(c) of the applicable section;
“Independent Directors”	Oleg Bagirov and Simon Olsen;
“Loans”	collectively the AGA and UFG Loans;
“New Employee Share Option Scheme”	the proposed employee share option scheme to be adopted by the Company subject to the approval of Shareholders at the EGM, a summary of which is set out in the letter from the Chairman contained in this document;
“Ordinary Shares”	the ordinary shares of 10p each in the capital of the Company;
“Participating Directors”	Alexander Doumnov and Peter Burnell;
“Placees”	UFG, the Participating Directors and other Shareholders;
“Placing”	the placing of the Placing Shares at 25.5p per share with institutional and other investors;
“Placing Price”	25.5 pence per new Ordinary Share;
“Placing Shares”	the new Ordinary Shares being issued pursuant to the Placing;
“Resolutions”	the resolutions numbered 1 to 4 inclusive set out in the notice of EGM at the end of this document;
“Shareholders”	holders of Ordinary Shares;
“UFG”	UFG Asset Management;
“UFG Loan”	the facility of US\$2,000,000 provided to the Company as bridging finance under the terms of a loan agreement between (1) UFG and (2) the Company dated 16 July 2008 plus accrued interest of US\$5,260 outstanding on the date of this letter and further interest of US\$15,781 expected to be accrued up to the date of the EGM (being the conversion date);
“Zarevo”	ZAO “Trevozhnoe Zarevo” a joint stock company organised and existing under the laws of the Russian Federation, registered in the Unified State Register of Legal Entities under No. 1024101215346, having its registered office at Ulitsa Sopochnaya 13, Yelizovo, Kamchatka region, Russian Federation, and holder of the Asacha Licence;

LETTER FROM THE CHAIRMAN

TRANS-SIBERIAN GOLD PLC

(Incorporated in England and Wales with Registered Number 1067991)

Directors:

Alexander Doumnov
Oleg Bagirov
Peter Burnell
Boris Fedorov
Florian Fenner
Dmitry Khilov
Simon Olsen

Registered and Head Office:

Church Barn
Old Farm Business Centre
Church Road
Toft
Cambridge CB23 2RF

25 July 2008

Dear Shareholder

Introduction

The Company is pleased to announce proposals to strengthen its capital base and provide additional financial resources by raising approximately £6.7 million, net of expenses, through a placing of 26,657,899 new Ordinary Shares at 25.5p per share and by converting US\$8,192,002 of existing debt into approximately 16,062,748 new Ordinary Shares in the Company (dependant on the exchange rate at the time of the Conversion) also at 25.5p per share, in each case conditional on Shareholder approval. In addition, the Company is in separate negotiations with two Russian banks for a project finance facility to provide the balance of the funding required to bring the Asacha Project into production and to a position where it is cash flow positive.

The purpose of this letter is to set out the background to, details of and the reasons for, the Placing and the Conversion, to explain why the Directors believe that the Placing and the Conversion are in the best interests of the Company and the Shareholders as a whole and to recommend Shareholders vote in favour of the Resolutions set out in the Notice of the Extraordinary General Meeting included in this document.

TSG reported on 24 June 2008 that the Group's total requirement for additional funds before the Asacha mine is cash flow positive was US\$44 million and that this requirement was US\$6 million lower than previously reported as a result of AGA's agreement to convert the US\$6 million remaining balance of the AGA Loan into TSG shares, at the same time and on the same terms as the planned equity raising which the Company had announced on 22 May 2008.

The Company also reported that it planned to satisfy that forecast additional funding requirement of US\$44 million, and to avoid a delay to the project because of funding constraints, through raising additional equity by means of a placing of up to US\$19 million and debt finance of US\$25-30 million. It further reported that UFG had confirmed its commitment to subscribe for a minimum of US\$10 million in the placing and, if necessary, to provide part of this amount as bridging finance prior to the completion of the placing. On 17 July 2008, UFG advanced US\$2 million to the Company as bridging finance. The AGA Loan has been utilised to fund capital expenditure at Asacha and the UFG Loan is being utilised to fund capital expenditure at Asacha. Details of the proposed Conversion are set out below.

Reasons for and Details of the Placing

The Company is proposing to raise approximately £6.8 million (before expenses) through a conditional placing by Seymour Pierce of the Placing Shares at a price of 25.5 pence per share. The majority of these funds will be utilised in the completion of the Asacha mine and its associated plant and infrastructure in Kamchatka, Far East Russia, the balance to be used for further exploration at TSG's

properties in Kamchatka and for general corporate purposes, as further described below. The Board believes that it is in the interests of Shareholders to strengthen the capital resources of the Company and provide additional financial resources through the Placing and the Conversion.

These shares are being placed with UFG, the Participating Directors and other Shareholders. The Placing is conditional on the approval of the Resolutions by Shareholders at the Extraordinary General Meeting of the Company to be held on 18 August 2008.

The Placing Price of 25.5 pence per new Ordinary Share is based on the volume weighted average Closing Price for the 20 trading days ending on 23 July 2008 and was also the Closing Price on 24 July 2008.

Shareholders should note that the proposed Placing and Conversion do not constitute either an open offer or rights issue entitling them to apply for shares in the Company. The Board, having taken advice from Seymour Pierce, the Company's nominated adviser, believes that an open offer and/or rights issue would involve a disproportionately high cost of raising the additional capital even if there was a willingness for Shareholders, other than the Placees, to take up their entitlement to additional shares in the Company.

The Placing Shares, when issued and fully paid, will represent approximately 31.78 per cent. of the Enlarged Issued Share Capital and will rank *pari passu* with the issued Ordinary Shares including any rights to dividends or other distributions paid or made in respect of the Ordinary Shares after Admission.

Application will be made to the London Stock Exchange for admission of the Placing Shares to trading on AIM. Dealings in the Placing Shares are expected to commence at 8.00 a.m. on 19 August 2008.

Asacha

Further progress has continued to be made at the Asacha Project. By the end of June, more than 300 metres of mine development had been completed. In addition, the manufacture of the main process plant equipment has been completed and the equipment is currently being shipped from China. Excavation of the plant's foundation area has also been completed, as well as its gravel backfilling. The construction of concrete bedding for the plant has started and the road between the plant site and the tailings storage site has been completed. The first tailings storage compartment has been cleared of trees and approximately 50 per cent. of vegetation cover. Finally, contracts for the design of the external 35kV power supply system, in line with the decision to rely on grid power instead of diesel power generation (to avoid the latter's increasingly high costs and supply risks), and for Asacha's on-site power networks have been signed.

The total capital cost of the Asacha project to the start of production is now estimated at US\$105.7 million, net of US\$9.2 million VAT recoveries, compared to the May 2008 estimate of US\$105.6 million. The total project cost includes pre-commissioning mining costs of US\$5.2 million, other pre-operating expenditure of US\$23.9 million, "first fill" equipment spares and consumables of US\$1.0 million and contingency of US\$1.8 million. Although certain costs have increased due to the assumption of a stronger Russian rouble against the US dollar, this has been offset by a US\$3.0 million increase in forecast VAT refunds prior to the start of production, with US\$2.6 million now expected to be recovered in the second half of 2008, and a reduction of US\$2.2 million in the contingency provision. US\$63.1 million, net of US\$1.4 million VAT recovered, has been spent up to the end of June 2008. A further US\$42.6 million, net of US\$7.8 million VAT recoveries, is forecast to be spent prior to the start of production. US\$10.4 million of capital expenditure will be incurred after the commencement of production.

Project finance, the terms of which are being negotiated with two Russian banks, is expected to contribute around US\$27 million of the remaining cost of US\$42.6 million. Production of gold is expected to commence in the third quarter of 2009.

Rodnikova

The drilling programme in the first half of 2008 encompassed more than 5,500 metres. Analysis of three holes drilled on the southern flank of the vein zone traced the zone to a depth of 150 metres, with intercepts of 19 metres @ 7.8 grammes/tonne (g/t) Au, 85.4 g/t Ag, 21.8 metres @ 6.05 g/t Au, 40.5 g/t Ag and 10 metres @ 4.76 g/t Au, 39.0 g/t Ag. Further results from the drilling programme on the southern flank of Zone 44 between Vilyucha River and Spokolny Creek are expected during the second half of 2008, following which a decision on a further exploration programme will be taken.

Use of funds summary (July 2008 – August 2009)

	<i>US\$m</i>
Asacha capital expenditure to commencement of production	42.6
Less: funded by UFG Loan	(2.0)
to be funded by project finance	(27.0)
	<hr/>
	13.6
Rodnikova exploration	0.8
Purchase of remaining 4.97 per cent. minority interest in Zarevo	0.5
General Corporate, financing and other costs	2.9
Less: current cash resources, net of working capital	(4.2)
	<hr/>
Placing Shares	13.6

The above table does not include the Conversion Shares to be issued to UFG and AGA in consideration of the conversion of the Loans, including accrued interest, in total expected to be approximately US\$8,192,002 as at 18 August 2008 (being the date of the EGM and the proposed Conversion), the number of Conversion Shares to be determined as described below.

Reasons for and details of the Conversion

As reported on 24 June 2008 and described above, the Company and AGA have agreed that the outstanding balance of the AGA Loan be capitalised. As also reported on that date, UFG agreed that it would provide part of its minimum commitment to the Placing as bridging finance in order to avoid delays to the Asacha Project through funding constraints and has advanced US\$2 million to the Company for that purpose. UFG has also agreed to capitalise the outstanding balance of the UFG Loan. The Board believes that Conversion of the Loans is in the best interests of the Company and Shareholders as a whole as:

- it will reduce the Company's indebtedness and remove the need to refinance or repay the Loans;
- it will avoid future interest charges and thereby improve the Company's cashflow; and
- it should facilitate completion of the negotiations in respect of project finance for Asacha.

The Loans will be converted into new Ordinary Shares immediately following the Extraordinary General Meeting by applying the Conversion Rate and dividing this figure by the Conversion Price. The resulting number of new Ordinary Shares shall be rounded down to the nearest whole number of Ordinary Shares. Accordingly fractional entitlements to Ordinary Shares shall not arise.

The Conversion Price of 25.5 pence per new Ordinary Share is based on the volume weighted average Closing Price for the 20 trading days ending on 23 July 2008 and was also the Closing Price on 24 July 2008.

Under these proposals, and assuming a Conversion Rate of US\$2.00:£1:

3,962,825 new Ordinary Shares will be issued to UFG in consideration of the release of the Company's indebtedness to UFG under the UFG Loan; and

12,099,923 new Ordinary Shares will be issued to AGA in consideration of the release of the Company's indebtedness to AGA under the AGA Loan.

The Conversion Shares, when issued will be credited as fully paid, will represent approximately 19.15 per cent. of the Enlarged Issued Share Capital and will rank *pari passu* with the issued Ordinary Shares including any rights to dividends or other distributions paid or made in respect of the Ordinary Shares after Admission. The Conversion Shares to be issued to UFG are in addition to the Placing Shares to be issued to UFG.

The issue of the Conversion Shares is conditional on the approval of the Resolutions by Shareholders at the Extraordinary General Meeting of the Company to be held on 18 August 2008.

Application will be made to the London Stock Exchange for admission of the Conversion Shares to trading on AIM. Dealings in the Conversion Shares are expected to commence at 8.00 a.m. on 19 August 2008.

Effect of the Placing and the Conversion

Upon completion of the Placing and the Conversion, the new Ordinary Shares will represent approximately 50.93 per cent. of the Company's Enlarged Issued Share Capital and the existing Ordinary Shares will represent approximately 49.07 per cent. of the Company's Enlarged Issued Share Capital.

Following the Placing and the Conversion, UFG will hold approximately 43,828,824 Ordinary Shares, representing 52.25 per cent. of the Enlarged Issued Share Capital.

Following the Placing and the Conversion, AGA will hold approximately 24,363,093 Ordinary Shares, representing 29.04 per cent. of the Enlarged Issued Share Capital.

Employee Share Option Scheme

The term of the current Employee Share Option Scheme expires on 26 September 2008. This scheme was originally authorised for a three year term in 2003 but has been extended for a further year at each of the Annual General Meetings in 2006 and 2007.

The principal features of the New Employee Share Option Scheme (which will not be approved by HM Revenue and Customs) are as follows:

Eligibility

The Company may grant an option to any employee or executive director of a Group Company.

Grant of options

Options may be granted by the Company at any time during the four year period commencing on the adoption date of the New Employee Share Option Scheme or during any further period of up to one year in which the Board decides that exceptional circumstances would justify such a decision. Options may not be granted, *inter alia*, after the fifth anniversary of the adoption date of the New Employee Share Option Scheme.

No consideration is payable by participants to receive a grant of option and options are personal to the participant and may not be transferred. Ordinary Shares allotted and issued to satisfy the exercise of an option will rank *pari passu* with existing Ordinary Shares except for any rights attached to such Ordinary Shares by reference to a record date prior to the date of allotment.

An option may be granted by the Company executing an option certificate as a deed approved by the Board specifying certain information including the date of grant of the option and the exercise price. The Company may also specify exercise conditions on the date of grant.

Limits

No options may be granted if, as a result, the aggregate number of Ordinary Shares issued or issuable pursuant to options granted under the New Employee Share Option Scheme or under any other employee share plan adopted by the Company in general meeting would, in any period of ten years, exceed 10 per cent. of the Company's issued ordinary share capital from time to time.

Exercise of options

Options may be exercised at any time after the earliest of a number of occurrences including upon the death of the option holder but no option may be exercised before the later of 24 months from the date of grant of the option or the commencement of the production of gold by any Group Company.

Variation of the Company's share capital

On any variation of the Company's share capital by way of capitalisation, or rights issue, or by consolidation, sub-division or reduction of capital or otherwise, the Board may make such adjustments as it considers appropriate to the number and description of Ordinary Shares subject to each option and/or the exercise price of each option in a manner which the Board, in its reasonable opinion, considers to be fair and appropriate. However, the total amount payable on the exercise of any option in full shall not be increased.

Amendments to the New Employee Share Option Scheme

The Board may amend the New Employee Share Option Scheme from time to time but no amendment may, *inter alia*, have a materially adverse effect on options granted before the amendment was made.

General

The distribution of this document to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created under the laws of countries other than the United Kingdom may be affected by laws of the relevant jurisdiction. Those persons or entities should seek their own independent financial advice.

Extraordinary General Meeting

Shareholders' approval is being sought at the EGM for an increase in the Company's authorised share capital and for an increase in the Directors' authorities to allot shares and to disapply statutory pre-emption rights in relation to the Placing. At the end of this document is a notice convening the EGM at which Resolutions will be proposed to:

1. increase the authorised share capital of the Company to £15,000,000 by the creation of 50,000,000 Ordinary Shares of 10p each;
2. give the Directors authority under Section 80 of the Act to allot relevant securities up to an aggregate nominal amount of £6,514,850.60 (representing the Placing Shares and the Conversion Shares (allowing for the impact on the number of Conversion Shares of the US dollar strengthening to an exchange rate of US\$1.93:£1) and one-third of the authorised but unissued ordinary share capital following the passing of the Resolutions), such authority expiring 5 years from the passing of the Resolution; and
3. disapply the statutory pre-emption rights contained in Section 89(1) of the Act for the purposes of the allotment of further equity securities for cash up to an aggregate nominal amount of £4,753,184.30 (representing the Placing Shares and the Conversion Shares and 5 per cent. of the issued ordinary share capital following the passing of the Resolutions and the issue of the Placing Shares and the Conversion Shares), such authority expiring 5 years from the passing of the Resolution.

Shareholders' approval is also being sought for the new Employee Share Option Scheme.

Action to be taken

A Form of Proxy is enclosed for use by Shareholders at the EGM. **Whether or not Shareholders intend to be present at the EGM they are asked to complete, sign and return the Form of Proxy to the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR, as soon as possible but in any event so as to arrive no later than 10.30 a.m. on 16 August 2008.** The completion and return of a Form of Proxy will not preclude Shareholders from attending the EGM and voting in person should they wish to do so. Accordingly, whether or not Shareholders intend to attend the EGM in person, they are urged to complete and return the Form of Proxy as soon as possible.

Related Party Transactions

The Placing and the Conversion are defined as related party transactions under the AIM Rules.

The Independent Directors, having been so advised by Seymour Pierce, the Company's nominated adviser consider the terms of the Placing to be fair and reasonable insofar as Shareholders are concerned.

The Directors, other than Dr Fedorov and Messrs Fenner and Khilov (who are connected to UFG), having been so advised by Seymour Pierce, the Company's nominated adviser, consider the terms of the Conversion to be fair and reasonable insofar as the Shareholders are concerned.

Recommendation

Your Directors consider that the Resolutions are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board unanimously recommends Shareholders to vote in favour of the Resolutions to be proposed at the EGM as they intend to do in respect of their own beneficial and non-beneficial holdings, amounting in aggregate to 948,100 existing Ordinary Shares, representing approximately 2.30 per cent. of the Company's issued share capital.

Yours faithfully
Alexander Doumnov
Chairman

TRANS-SIBERIAN GOLD PLC

(Registered in England and Wales No. 1067991)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an **EXTRAORDINARY GENERAL MEETING** of Trans-Siberian Gold plc will be held at 10.30 a.m. (UK time) on 18 August 2008 at the offices of Seymour Pierce, 20 Old Bailey, London EC4M 7EN for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. THAT the authorised share capital of the Company be increased to £15,000,000 by the creation of an additional 50,000,000 ordinary shares of £0.10 each;
2. THAT in place of the authority given by way of the ordinary resolution of the Company dated 27 July 2004 numbered 12 (a) (ii) and (iii) as amended by way of the ordinary resolution of the Company dated 1 August 2005, the directors be generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 (the "Act") to:
 - (a) allot relevant securities (within the meaning of section 80 of the Act) up to an aggregate nominal amount of £2,665,789.90 in connection with a proposed subscription by UFG Asset Management, certain of the directors and others for new ordinary shares in the Company (the "Placing"), such authority to expire (unless previously renewed, varied or revoked by the Company in general meeting) five years after the date on which this resolution is passed;
 - (b) allot relevant securities (within the meaning of section 80 of the Act) up to an aggregate nominal amount of £1,664,533.50 in connection with the proposed conversion of existing debt facilities into new ordinary shares in the Company (the "Conversion"), such authority to expire (unless previously renewed, varied or revoked by the Company in general meeting) five years after the date on which this resolution is passed;
 - (c) allot relevant securities (within the meaning of section 80 of the Act), otherwise than pursuant to paragraph (a) above, up to an aggregate nominal amount of £2,184,427.20, being one third of the Company's authorized but unissued share capital following the Placing and the Conversion, for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) five years after the date on which this resolution is passed;
 - (d) make an offer or agreement which would or might require relevant securities to be allotted after expiry of this authority and the directors may allot relevant securities in pursuance of that offer or agreement as if this authority had not expired;

SPECIAL RESOLUTION

3. THAT subject to the passing of the resolutions numbered 1 and 2 in the notice of the extraordinary general meeting and in place of the power given to them pursuant to the special resolution of the Company passed on 27 July 2004, as amended by way of the special resolution of the Company dated 1 August 2005, the directors be generally empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) to section 94(3A) of the Act) for cash pursuant to the authority conferred on them by resolution 2 as if section 89(1) of the Act did not apply to the allotment. This power:
 - (a) expires five years after the date on which this resolution is passed, but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the directors may allot equity securities in pursuance of that offer or agreement as if this power had not expired;
 - (b) shall be limited to:
 - (i) the allotment of equity securities in connection with an issue in favour of holders of ordinary shares in the capital of the Company in proportion (as nearly as may be) to

their existing holdings of ordinary shares but subject to such exclusions or other arrangements as the directors deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory or the requirements of a regulatory body or stock exchange;

- (ii) the allotment of equity securities in connection with the Placing and the Conversion up to an aggregate nominal amount of £4,330,323.40;
- (iii) the allotment of equity securities in connection with the exercise of existing options (other than options granted by the Company to its employees) over ordinary shares in the Company (the “**Existing Non-Employee Options and Warrants**”) up to an aggregate nominal amount of £10,500; and
- (iv) the allotment (otherwise than pursuant to sub-paragraphs (i) to (iii) above) of equity securities for cash up to an aggregate nominal amount equal to 5 per cent. of the issued and unconditionally allotted share capital of the Company following the allotment of ordinary shares in connection with the Placing, the Conversion and the Existing Non-Employee Options and Warrants.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 94(3A) of the Act as if in the first paragraph of this resolution the words “pursuant to the authority conferred on them by resolution 2” were omitted.”

ORDINARY RESOLUTION

4. THAT the new Employee Share Option Scheme be approved.

By order of the board
Simon Olsen
Company Secretary

Registered Office:
Church Barn
Old Farm Business Centre
Church Road
Toft
Cambridge CB23 2RF

25 July 2008

Explanatory Note

The effect of Resolutions numbered 2 and 3 is to give the directors, respectively, authority to allot securities and authority to allot equity securities for cash without the need first to offer such shares to existing shareholders.

Notes

1. Holders of ordinary shares, or their duly appointed representatives, are entitled to attend and vote at the EGM. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and speak and vote on their behalf at the meeting. A shareholder can appoint the Chairman of the meeting or anyone else to be his/her proxy at the meeting. A proxy need not be a shareholder. More than one proxy can be appointed in relation to the EGM provided that each proxy is appointed to exercise the rights attached to a different ordinary share or shares held by that shareholder. To appoint more than one proxy, the Proxy Form should be photocopied and completed for each proxy holder. The proxy holder's name should be written on the Proxy Form together with the number of shares in relation to which the proxy is authorised to act. The box on the Proxy Form must also be ticked to indicate that the proxy instruction is one of multiple instructions being given. All Proxy Forms must be signed and, to be effective, must be lodged with the company's registrar so as to arrive not later than 48 hours before the time of the meeting, or in the case of an adjournment 48 hours before the adjourned time.
2. The return of a completed Proxy Form, other such instrument or any CREST Proxy Instruction (as described in note 3) will not prevent a shareholder attending the EGM and voting in person if he/she wishes to do so.
3. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by Capita (ID RA10) not later than 48 hours before the time fixed for the EGM. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita is able to retrieve the message by enquiry to CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages and normal system timings and limitations will apply in relation to the input of a CREST Proxy Instruction. It is the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
4. Only shareholders whose names appear on the register of members of the Company as at 48 hours before the time of the meeting shall be entitled to attend the EGM either in person or by proxy and the number of ordinary shares then registered in their respective names shall determine the number of votes such persons are entitled to cast on a poll at the EGM.
5. The statement of the rights of shareholders in relation to the appointment of proxies in note 1 does not apply to Nominated Persons. The rights described in that note can only be exercised by shareholders of the Company.
6. In order to facilitate voting by corporate representatives at the EGM, arrangements will be put in place at the EGM so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.
7. In Accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members at 6.00 p.m. on the day which is two days before the day of the meeting or, if the meeting is adjourned, shareholders entered on the Company's register of members at 6.00 p.m. on the day two days before the date of any adjournment shall be entitled to attend and vote at the meeting.