

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action to take you should immediately consult an independent financial adviser duly authorised under the Financial Services and Markets Act 2000 as amended (“FSMA”) who specialises in advising on the acquisition of shares and other securities in the United Kingdom.

If you have sold or otherwise transferred all of your Ordinary Shares in Kurawood Plc (“Kurawood” or the “Company”), please forward this document and the accompanying Form of Proxy and Annual Report and Accounts for the year ended 30 September 2008 immediately to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold or transferred only part of your holding in the Company you should retain this document.

Application will be made for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on AIM on or around 6 April 2009. The New Ordinary Shares will rank pari passu in all respects with the Ordinary Shares in issue. No application is being made for the Warrants to be admitted to trading on AIM or any other recognised stock exchange.

AIM is a market designated for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with a financial adviser. The London Stock Exchange has not itself examined or approved the contents of this document.

The whole of this document should be read and in particular your attention is drawn to the letter from the Company which is set out in Part I of this document and which contains a unanimous recommendation by the Independent Directors that you vote in favour of the Resolutions.

Kurawood Plc

(Incorporated and registered in England with registered number 05696525)

Conversion of an unsecured, convertible loan into 5,000,000 new Ordinary Shares at 2p per share

Subscription for 10,000,000 new Ordinary Shares at 2p per share

Grant of Warrants to subscribe for 4,000,000 new Ordinary Shares at 2p per share

Approval of a waiver of the obligations under Rule 9 of the Takeover Code

and

Notice of General Meeting

Financial Adviser – Zeus Capital Limited

Zeus Capital Limited (“Zeus Capital”), which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for the Company and no-one else in connection with the proposals and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Zeus Capital, or advising any other person in relation to the proposals. Zeus Capital is not making any representation or warranty, express or implied, as to any of the content of this document, and accordingly no liability is accepted by Zeus Capital for the accuracy of any information or opinions contained in this document or for the omission of any material information for which it is not responsible.

This document does not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe or buy New Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation. In particular, this document is not for distribution in, or into, the United States of America, Canada, Australia, South Africa or Japan. Accordingly, the New Ordinary Shares may not, subject to certain exceptions, be offered directly or indirectly in, or into, the United States of America, Canada, Australia, South Africa or Japan. The New Ordinary Shares have not been and will not be registered under the United States Securities Act 1933 (as amended) or under the securities legislation of any state of the United States of America, Canada, Australia, South Africa or Japan and they may not be sold directly or indirectly within the United States of America, Canada, Australia, South Africa or Japan or to or for the account of any national, citizen or resident of the United States of America, Canada, Australia, South Africa or Japan or to an US person (within the definition of Regulation S made under the United States Securities Act 1933 (as amended)).

A notice convening a General Meeting of the Company to be held at Zeus Capital Limited, 3 Ralli Courts, West Riverside, Manchester M3 5FT on 2 April 2009 at 11.00 a.m. is set out at the end of this document. A blue Form of Proxy accompanies this document for use in connection with the General Meeting. A notice of Annual General Meeting convened for 11.15 a.m. or, if later, immediately following the General Meeting convened for 11.00 a.m. on the same day (and white form of proxy) is contained in the Company’s Annual Report and Accounts for the year ended 30 September 2008 which accompanies this document. **To be valid, Forms of Proxy for use at the meeting must be completed and returned so as to be received at the offices of the Company’s registrars, SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD not later than 48 hours before the time fixed for the General Meeting and the Annual General Meeting respectively.** The completion and depositing of a Form of Proxy in respect of the General Meeting or the Annual General Meeting will not preclude you from attending, speaking or voting in person at the General Meeting or the Annual General Meeting respectively should you wish to do so.

Copies of this document are available from the Company’s registered office from the date of this document until the end of the General Meeting. This document will also be available for download from the Company’s website, www.kurawood.com.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Despatch of this document	24 February 2009
Latest time and date for receipt of completed blue Form of Proxy	11.00 a.m. on 31 March 2009
General Meeting	11.00 a.m. on 2 April 2009
Admission and commencement of dealings in the New Ordinary Shares on AIM	8.00 a.m. on 6 April 2009

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

SHARE CAPITAL STATISTICS

Number of Existing Ordinary Shares in issue at the date of this document	17,000,000
Number of Conversion Shares to be issued on conversion of the Loan	5,000,000
Conversion Price	2p
Gross and net proceeds of the Conversion	£100,000*
Number of Subscription Shares to be issued on completion of the Subscription	10,000,000
Subscription price	2p
Gross Proceeds of the Subscription	£200,000
Estimated net proceeds of the Subscription	£159,000
Enlarged Share Capital	32,000,000
The New Ordinary Shares as a percentage of the Enlarged Share Capital**	46.88 per cent.
Percentage of the Enlarged Share Capital held by Fox Capital at Admission**	61.83 per cent.
Number of Fox Capital Warrants in issue at Admission	4,000,000
Maximum percentage of the issued share capital that could be held by Fox Capital on full exercise of the Fox Capital Warrants**	66.08 per cent.

* The Loan was fully drawn down at the date of this document.

** Assuming no further Ordinary Shares are issued and no other subscription rights have been exercised.

DEFINITIONS

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

“1985 Act”	the Companies Act 1985 as amended and as in force at the date of this document
“2006 Act”	the Companies Act 2006 as amended and as in force at the date of this document
“Act”	the 1985 Act and the 2006 Act
“Admission”	the admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM rules for Companies published by the London Stock Exchange
“Board” or “Directors”	the directors of the Company, as at the date of this document, whose names appear on page 6 of this document
“Company” or “Kurawood”	Kurawood Plc
“Conversion”	the proposed conversion of the Loan, excluding any accrued interest, into the Conversion Shares at the Conversion Price
“Conversion Price”	2p per Conversion Share
“Conversion Shares”	the 5,000,000 new Ordinary Shares to be issued by the Company pursuant to the Conversion
“CREST”	the system for paperless settlement of trades and the holding of uncertificated shares administered through Euroclear UK & Ireland Limited
“Enlarged Share Capital”	the Ordinary Shares in issue following completion of the Conversion and the Subscription
“Existing Ordinary Shares”	the 17,000,000 ordinary shares of 1p each in the share capital of the Company in issue at the date of this document
“FSA”	the Financial Services Authority
“Forms of Proxy”	the blue form of proxy accompanying this document for use in connection with the General Meeting and the white form of proxy for use in connection with the Annual General Meeting
“Fox Capital”	Fox Capital Limited, a company incorporated in the Isle of Man with registered number 106551C
“Fox Capital Warrants”	the Warrants to be granted to Fox Capital over 4,000,000 new Ordinary Shares at an exercise price of 2p per share described at paragraph 3.14 of Part II of this document
“General Meeting”	the general meeting of the Company to be held at Zeus Capital Limited, 3 Ralli Courts, West Riverside, Manchester M3 5FT, convened for 11.00 a.m. on 2 April 2009, notice of which is set out at the end of this document
“Group”	the Company and its subsidiary undertakings at the date of this document

“Independent Directors”	Peter James Scott Hammonds and Peter Duncan McArthur
“Independent Shareholders”	holders of Existing Ordinary Shares, other than Fox Capital
“Loan”	the unsecured, convertible loan granted by Fox Capital to the Company on 22 September 2008, described at paragraph 3.11 of Part II of this document
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	the Conversion Shares and the Subscription Shares
“Ordinary Shares”	Ordinary shares of 1p each in the share capital of the Company
“Options”	any share options outstanding from time to time which are granted pursuant to the Kurawood Plc Share Option Scheme
“Panel”	the Takeover Panel
“Subscription”	the proposed subscription of the Subscription Shares
“Subscription Price”	2p per Subscription Share
“Subscription Shares”	the 10,000,000 new Ordinary Shares to be issued by the Company pursuant to the Subscription
“Registrar”	SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD
“Regulated Information Service”	any service by which companies can disseminate information to AIM in accordance with the AIM Rules
“Related Party Transactions”	the Conversion, the Subscription, the grant of the Fox Capital Warrants and the Relationship Agreement
“Relationship Agreement”	the agreement dated 23 February 2009 between Fox Capital and the Company further details of which are contained in paragraph 7 of Part I and paragraph 3.13 of Part II of this document
“Resolutions”	the resolutions set out in the notice of General Meeting
“Shareholders”	holders of Ordinary Shares
“Takeover Code”	the Takeover Code, published by the Panel
“Waiver”	the waiver by the Panel of the obligations under Rule 9 of the Takeover Code in relation to Fox Capital as described in Part I of this document
“Warrants”	the warrants over new Ordinary Shares described at paragraph 3.5 of Part II of this document
“Zeus Capital”	Zeus Capital Limited, a company incorporated in England with registered number 04417845

PART I

LETTER FROM THE COMPANY

Kurawood Plc

(Incorporated and registered in England with registered number 05696525)

Directors

Roy William Tilleard *(Chairman and Chief Executive Officer)*

Justin Gaisford Martin *(Chief Financial Officer)*

Peter Duncan McArthur *(Technical Director)*

Peter James Scott Hammonds *(Non-Executive Director)*

Registered Office

21 St Thomas Street

Bristol

BS1 6JS

24 February 2009

To Shareholders and, for information purposes only, to the holders of Options and Warrants over Ordinary Shares

Dear Shareholder,

Conversion of an unsecured, convertible loan into 5,000,000 new Ordinary Shares at 2p per share

Subscription for 10,000,000 new Ordinary Shares at 2p per share

Grant of Warrants to subscribe for 4,000,000 new Ordinary Shares at 2p per share

Approval of a waiver of the obligations under Rule 9 of the Takeover Code

and

Notice of General Meeting

1. Introduction

On 22 September 2008, the Company announced that its largest shareholder, Fox Capital, had made available to the Company an unsecured convertible loan facility of £100,000. The loan, subject to the satisfaction of certain conditions, would be convertible into new Ordinary Shares at 12p per share. The Company also announced that Fox Capital had conditionally agreed to subscribe for £400,000 worth of new Ordinary Shares in the Company at a price of 12p per share. Further, on the same date, the Company announced it was in advanced discussions with Fox Capital and, subject to Shareholder approval, that Fox Capital would also be granted a warrant to subscribe for such number of new Ordinary Shares at 12p per share as would give Fox Capital an interest of 51 per cent. of the Company's enlarged issued share capital.

The Company subsequently announced on 24 December 2008 that Fox Capital had renegotiated the terms of its investment in the Company.

The closing middle market price of the Ordinary Shares had fallen from 14.5p per share on 19 September 2008, being the business day immediately prior to the announcement on 22 September 2008, to 2.5p per share, at the close of business on 23 December 2008, being the business day immediately prior to the announcement on 24 December 2008. Fox Capital confirmed to the Board that, whilst it remained committed to providing additional funds to the Company, in light of the fall in the share price of the Company's Ordinary Shares from 14.5p to 2.5p (a decline of 86.2 per cent.) it was no longer prepared to participate in a conversion and subscription at 12p per Ordinary Share. Fox Capital therefore renegotiated the terms of the conversion, the subscription and the grant of warrants.

Under the renegotiated terms, the unsecured convertible loan of £100,000 (which has now been fully drawn down by Kurawood) will be convertible into new Ordinary Shares at a price of 2p per share. The 10,000,000 new Ordinary Shares to be subscribed by Fox Capital will be subscribed at a price of 2p per share (raising £159,000, net of expenses, for the Company). Fox Capital will also be granted warrants to subscribe for 4,000,000 new ordinary shares at 2p per share.

On completion of the Conversion and the Subscription, which are inter conditional, Fox Capital will hold 19,787,000 Ordinary Shares, representing 61.83 per cent. of the Enlarged Share Capital. If, subsequent to the Conversion and Subscription, Fox Capital exercised the Fox Capital Warrants in full, assuming no further new Ordinary Shares were issued by the Company, it would hold a maximum of 66.08 per cent. of the issued Share Capital of the Company.

The purpose of the Loan and the Subscription is to provide the Company with sufficient working capital for its present requirements being for at least the next 12 months under the revised business strategy which is discussed fully in paragraph 4 of Part I of this document.

The Conversion of the Loan, the Subscription and the grant of the Fox Capital Warrants are conditional on Shareholders' approval and the Waiver being passed on a poll by the Independent Shareholders at the General Meeting.

Fox Capital is an investment company whose directors are Roy Tilleard and Justin Martin, both Directors, and has an interest in 4,787,000 Existing Ordinary Shares, representing 28.16 per cent. of the existing ordinary share capital. The issued share capital of Fox Capital is wholly owned by Roy Tilleard.

Since the Conversion and the Subscription will result in Fox Capital being interested in 61.83 per cent. of the issued share capital (and up to a maximum of 66.08 per cent. of the issued share capital on full exercise of the Fox Capital Warrants), Fox Capital would, in the absence of a waiver from the provisions of Rule 9 of the Takeover Code being granted by the Panel, be obliged to make a general offer to all remaining shareholders of the Company. The Panel has agreed, however, subject to Resolution number 2 being passed on a poll by the Independent Shareholders at the General Meeting, to waive this obligation.

Roy Tilleard and Justin Martin are both directors of Fox Capital. Fox Capital cannot vote in respect of Resolution number 2 at the General Meeting. There is no agreement, arrangement or understanding between any Director and Fox Capital having any dependence upon or which is conditional upon the Conversion, the Subscription or the grant of the Fox Capital Warrants.

Further, the Company has, on 23 February 2009, entered into the Relationship Agreement with Fox Capital further details of which are contained in paragraph 7 of this Part I and paragraph 3.13 of Part II of this document.

The purpose of this document is to set out the background to and the reasons for the proposals and why the Independent Directors believe that they are in the best interests of Shareholders as a whole.

2. Financial information on the Company

Your attention is drawn to the Company's annual report and accounts for the year ended 30 September 2008 which accompany this document. The financial information on the Company as required by the Takeover Code is included in these accounts. Further copies are available for download from the Company's website www.kurawood.com.

Save for the Loan and proposed Subscription detailed in this document, there has been no material change in the financial or trading position of the Company since 30 September 2008, being the date to which the last audited accounts were drawn up.

3. Background and Benefits to the Company of the proposed Resolutions

In September 2007, the Company raised £3,750,000, net of expenses, by way of a Placing of new Ordinary Shares and its entire issued share capital was admitted to AIM. The Company's strategy was to manufacture and distribute "Vecowood®", an organically hardened softwood which is made using, what the Directors believe to be, a proprietary and innovative timber treatment process. The net proceeds of the fundraising were used for the phased increase of installed production capacity at the Company's factory in New Zealand, to provide additional working capital and for marketing. Whilst the Company's factory now has a nameplate capacity of 300,000m³ sales have not materialised.

On 13 August 2008, the Company announced that the delay in achieving sales was having a negative impact on the Company's cash resources. As a result the Directors each agreed to defer their salaries and undertook a comprehensive review of the Company's ongoing administrative expenditure requirements and entered into discussions with Fox Capital concerning future financing to support the ongoing non-trading activities of the Company. On 22 September 2008, the Company announced Fox Capital had agreed to provide the Company with an unsecured, convertible loan facility of £100,000 (which had been fully drawn down as at the date of this document) and had agreed to subscribe for a further £400,000. On 24 December 2008, the Company announced that due to the likelihood of a protracted global recession, the unwillingness of customers to commit to purchase products and adverse timber price movements that the Directors did not believe a manufacturing facility operating from New Zealand would be economically viable in the medium term. Therefore the Directors resolved to move from a product manufacturing business model to a technology licensing business model. The Company also announced that Fox Capital had renegotiated the terms of its investment in the Company. Under the revised terms in addition to the unsecured, convertible loan facility of £100,000

Fox Capital will only subscribe for a further £200,000. In light of the change in the Company's business model, the Directors believe that these actions will provide the Company with sufficient working capital for at least the next 12 months. **If the Resolutions are not passed then, without alternative funding, the Company will not have sufficient working capital for at least the next 12 months.**

Earlier today, the Company announced its financial results for the year ended 30 September 2008. In this period the Company remained at the pre revenue stage, the loss before taxation was £6.600 million and the loss per share was 39p. The loss before taxation includes an exceptional loss of £4.661 million in relation to the write off of goodwill. Cash at the period end was £94,471.

4. Future Prospects

The Directors believe that the aggregate net proceeds from the Conversion and the Subscription will provide the Company with sufficient funds to implement its revised business strategy.

As announced on 24 December, 2008, the Company has not generated revenues from product sales since Admission and the Directors believe that, due to the likelihood of a protracted global recession and continued unwillingness of customers to commit to purchase products, this position is unlikely to change in the foreseeable future. Additionally, the cost of New Zealand Radiata Pine, (the raw material used in the manufacture of Vecowood®) is now trading at approximately twice the price of similar Radiata Pine grown outside of New Zealand whilst the export prices of other timber species to major Asian markets have collapsed, in some instances by up to 50 per cent. The Directors believe that these recent adverse movements in global market conditions means a manufacturing facility operating from New Zealand is no longer economically viable in the medium term.

The Directors have therefore resolved to move from a product manufacturing business to a technology licensing business. With Kurawood owning a UK national patent, as announced on 25 June 2008, and with further international patent applications in process, the Directors believe that this business model should allow Kurawood to better exploit its wood modification technology since ownership of registered intellectual property rights ("IPR") provides a certain degree of exclusivity and, thereby, a higher market share as and when the Company's products prove successful among consumers. As such the Directors place an increasing reliance on Kurawood's IPR assets as a source of competitive advantage for the businesses. The Company uses Harrison Goddard Foote (www.hgfip.com) to ensure its intellectual property is sufficiently protected.

Under the new strategy, the Company will concentrate its limited capital on technology and brand development, while licensees and/or manufacturing partners will provide capital for manufacturing and product penetration. The license-based business model will initially be aimed at major timber processors with direct access to competitively priced timber resources capable of being modified with the Company's wood modification technology, (it should be noted that approximately one third of all species of wood may be physically suitable), with additional sales efforts being aimed at timber-based product manufacturers and coatings suppliers in order to gain market acceptance of the Company's technology.

The licensing model is based on two revenue streams;

- A manufacturing licence fee - predicated on a licence payment per m3 of nameplate capacity, a percentage of which will be paid on signing of the licence and the balance over the lifetime of the licence. In marked contrast to our competitors, the manufacturing license fee includes the capital expenditure and commissioning costs of the licensee's facility, which the Group will bear.
- An ongoing production royalty – predicated on quarterly production output from the licensee's facility.

Both manufacturing license fees and ongoing production royalties are expected to be positioned at a significant discount to the cost of competitive offerings.

The Company's licensing revenues will be driven directly by the size and timing of new licence agreements, which may lead to early volatility in income. Once established, licence and royalty fees should provide considerable forward visibility.

In recognition of the revised business strategy and that a manufacturing facility operating from New Zealand is no longer considered to be economically viable in the medium term the Directors resolved on 24 December 2008 that the Company's New Zealand subsidiary, PG Industries Limited, ("PGI") would cease trading with immediate effect and legal advice is being sought to give full force and effect to this resolution. The closure of PGI will remove approximately £195,000 annual costs from the business.

On 2 February 2009, the Company announced its second line of modified wood products, “Acetowood” founded on the Company’s own process based on the more widely understood acetylation of timber. Protection is being sought for Acetowood, initially via a national patent application.

In light of the above, and with the objective of maximising shareholder value, the Directors will also seek opportunities to exploit its intellectual property by entering into strategic alliances with third parties operating within the industry and discussions with one such party are at an early stage.

5. Information on Fox Capital

Fox Capital was incorporated in the Isle of Man, as a private company limited by shares on 27 August 2002 under the Companies Act 1931 – 2006 of the Isle of Man and with registered number 106551C. Its registered office is at Lorne House, Castletown, Isle of Man IM9 1AZ. The directors of Fox Capital are Roy Tilleard and Justin Martin, who are also directors of the Company. The authorised share capital of Fox Capital is £2,000 comprising 2,000 shares of £1 each, of which 6 have been issued and are wholly owned by Roy Tilleard. Fox Capital’s principal activity is the provision of venture capital and associated management consultancy services. Its main investments comprise its shareholding in the Company and a 76.4 per cent. shareholding in IncaGold plc, an AIM traded company with a market capitalisation of £1.132.300. No financial information is available on Fox Capital, as there is no obligation on Fox Capital to file accounts in the Isle of Man.

Roy Tilleard, a qualified accountant, spent almost 20 years working for Unilever Plc before leaving to establish an industrial chemicals business which he subsequently sold, in 1990, prior to completing a management buy out of the Deb Group. Roy was Finance Director for the Deb Group during a period when annual revenues increased to over £70 million through the strengthening of market positions in a number of key geographical areas and the implementation of a cohesive and focused strategy for the international expansion of the business. He, and his business partner, sold approximately half of the Deb Group to Barclays Private Equity in March 2004, for approximately £135 million and he subsequently sold his remaining holding in December 2006. Roy has a number of other business interests including Callow’s Yard which is a £13 million re-development of Castletown in the Isle of Man. As well as being Chairman and Chief Executive Officer of the Company, he is a director of AIM traded IncaGold Plc and a number of private companies.

Justin Martin holds a Bachelor’s degree in Economics and Law, a Masters degree in Finance and Investment and is an Accredited Consultant with the Isle of Man’s Department of Trade and Industry. From 1995 to 1997, Justin co-founded and operated the Moscow based arm of a UK stockbroking, asset management and corporate finance business. From 2001 to 2003 Justin served on the main board of Flintstone Technologies plc “Flintstone”, the then AIM listed specialist investment company that he founded in 1998. During his tenure at Flintstone, the company raised over £40 million in private equity, successfully launching and managing seven technology based companies, one of which, Hardide plc, was admitted to AIM in 2005. As well as being a Director of the Company, he is a director of AIM traded IncaGold Plc and a number of private companies.

Fox Capital has confirmed to the Board that following completion of the Conversion and the Subscription it would be Fox Capital’s intention that the business of the Group be continued in the same manner as envisaged under the revised business strategy, with no major changes to the business of the Group, including redeployment of fixed assets, and that it has no present intentions to make any material amendments to the existing rights of the Group’s employees.

The Loan has been, and the Subscription will be, financed from cash held by Fox Capital. There are no arrangements relating to the financing of the Loan and Subscription that are dependent on the Company. There are no arrangements in connection with or dependent on the Conversion, the Subscription and the grant of the Fox Capital Warrants except as noted in this document. There are no arrangements for any transfer of the securities to be issued under the Conversion, the Subscription and the Fox Capital Warrants.

6. Takeover Code

The issue of the Conversion Shares, the Subscription Shares and the grant of the Fox Capital Warrants to Fox Capital gives rise to certain considerations under the Takeover Code. Brief details of the Panel, the Takeover Code and the protections they afford to Shareholders are described below.

The Takeover Code is issued and administered by the Panel. The Company falls under the jurisdiction of the Takeover Code. Accordingly, Shareholders are entitled to the protections afforded by the Takeover Code.

Under Rule 9 of the Takeover Code, any person who acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which he and persons acting in concert with him are interested), carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code that person, and any persons acting in concert with him, is normally required to make a general offer to all of the company's shareholders to acquire the remaining shares in that company not held by him and his concert party.

An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares acquired during the 12 months prior to the announcement of the offer.

At the date of this document Fox Capital is interested in 4,787,000 Ordinary Shares representing 28.16 per cent. of the issued share capital. Following the Conversion and the Subscription, Fox Capital would be interested in 19,787,000 Ordinary Shares representing approximately 61.83 per cent. of the Enlarged Share Capital. On full exercise of the Fox Capital Warrants, assuming no further new Ordinary Shares have been issued and no other subscription rights have been exercised, Fox Capital would be interested in 23,787,000 Ordinary Shares representing approximately 66.08 per cent. of the issued share capital of the Company.

Assuming that the Resolutions are approved by Shareholders, Fox Capital will, immediately following Admission, hold more than 50 per cent. of the Company's voting share capital which under Rule 9 of the Takeover Code would mean that they would be free to acquire further shares in the Company without incurring a further obligation under Rule 9 of the Takeover Code to make a general offer under the Takeover Code to the other Shareholders.

The Panel has agreed, subject to Resolution 2 being passed (on a poll) by the Independent Shareholders at the General Meeting, to waive the obligation on Fox Capital to make a general offer to Shareholders under Rule 9 of the Takeover Code that would otherwise arise as a result of the Conversion and Subscription. Accordingly, Independent Shareholders' approval (on a poll) for the waiver of any obligations of Fox Capital under Rule 9 is sought in Resolution 2. Fox Capital will not vote on Resolution 2 at the General Meeting.

7. Relationship Agreement

Due to the size of Fox Capital's interest in the Enlarged Share Capital upon completion of the Conversion of the Loan and the Subscription, the Company has entered into the Relationship Agreement with Fox Capital, conditional upon the passing of the Resolutions. The purpose of this agreement is to ensure that the Company will be capable at all times of carrying on the business independently of Fox Capital and that all transactions and relationships between the two parties are carried out at arm's length and on a normal commercial basis.

8. Related Party Transactions

Roy Tilleard (the beneficial owner of the entire issued share capital of Fox Capital) and Justin Martin are directors of Fox Capital and the Company. Therefore, the Conversion, the Subscription, the grant of Fox Capital Warrants and the Relationship Agreement constitute related party transactions for the purposes of the AIM Rules for Companies.

Where a company whose shares are quoted on AIM enters into a related party transaction the directors independent to the transaction are required to consider, having consulted with the Company's nominated adviser, that the terms of the transaction are fair and reasonable insofar as its shareholders are concerned.

The Independent Directors, having consulted with Zeus Capital, the Company's nominated adviser, consider that the terms of the Related Party Transactions are fair and reasonable insofar as Shareholders are concerned. In providing advice to the Independent Directors, Zeus Capital has taken into account the commercial assessment of the Independent Directors.

9. General Meeting

You will find set out at the end of this document, a notice convening a General Meeting of the Company to be held at Zeus Capital Limited, 3 Ralli Courts, West Riverside, Manchester M3 5FT on 2 April 2009, at 11.00 a.m. for the purpose of considering, and if thought fit, passing the following resolutions:

Increase in authorised share capital

1. Resolution 1 seeks Shareholder approval to increase the authorised share capital of the Company by the creation of the 19,000,000 Ordinary Shares, being the Conversion Shares, the Subscription Shares

and the Ordinary Shares in relation to the Fox Capital Warrants, ranking pari passu in all respects with the existing Ordinary Shares and to grant the Directors authority to allot such shares.

Rule 9 Waiver

2. Resolution 2 seeks the approval of Independent Shareholders to waive the obligation on Fox Capital under Rule 9 to make a general offer for all the remaining issued share capital of the Company which would otherwise arise on Conversion and Subscription.

Disapplication of pre-emption rights

3. Resolution 3 seeks Shareholder approval to grant authority to the Directors to allot Ordinary Shares for cash to persons other than existing Shareholders or under employees' share schemes (as defined in section 743 of the 1985 Act). This authority is in respect of the allotment of the Conversion Shares, Subscription Shares and shares in relation to the Fox Capital Warrants.

To be passed, Resolution 2 requires a majority of 50 per cent. of the Shareholders, other than Fox Capital who will abstain from voting, voting on a poll in person or by proxy in favour of the Resolution. If the Resolutions are not passed the Company will not have sufficient working capital to continue trading and the Directors will need to consider other options to finance the continuing development of the Company.

10. Action to be taken by Shareholders

Shareholders will find enclosed with this document a blue Form of Proxy for use at the General Meeting. The blue Form of Proxy should be completed and returned in accordance with the instructions printed thereon so as to arrive at the Company's registrars, SLC Registrars, as soon as possible and in any event not later than 11.00 a.m. on 31 March 2009. Completion and return of the blue Form of Proxy will not prevent Shareholders from attending and voting at the General Meeting should they so wish.

11. Other information

This document is important and should be read in full. Your attention is drawn to Part II of this document which provides additional information on the matters detailed above.

12. The Independent Directors' recommendation

The Independent Directors, who have been so advised by Zeus Capital, believe that the terms of the Conversion and the terms of the Subscription and the terms of the Fox Capital Warrants, including the waiver of the obligation on Fox Capital to make a general offer to Shareholders under Rule 9 of the Code, are fair and reasonable and are in the best interests of the Company and its Shareholders as a whole. In providing advice to the Independent Directors, Zeus Capital has taken into account the financial position of the Company and the commercial assessment of the Independent Directors. Accordingly, the Independent Directors unanimously recommend that Shareholders vote in favour of the Resolutions. The Independent Directors have indicated their intention to vote in favour of the Resolutions in respect of their aggregate shareholdings of 1,741,800 Existing Ordinary Shares, representing in aggregate 10.25 per cent. of the Existing Ordinary Shares.

Roy Tilleard and Justin Martin are both directors of Fox Capital. Fox Capital cannot vote in respect of Resolution 2.

The Independent Directors have received an undertaking from Fox Capital that it will vote in favour of Resolution 1 and Resolution 3 in respect of its aggregate shareholding of 4,787,000 Existing Ordinary Shares, representing 28.16 per cent. of the Existing Ordinary Shares.

Yours faithfully

Roy Tilleard

Chairman and Chief Executive Officer.

PART II

ADDITIONAL INFORMATION

1. Responsibility

- 1.1 The Directors, whose names appear on page 6 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules, other than the information relating to Fox Capital, save that Roy Tilleard and Justin Martin, who have not participated in the Board's consideration of the Waiver or the Related Party Transactions, take no responsibility for the Independent Directors' recommendation. To the best of the knowledge of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 Fox Capital accepts responsibility for the information contained in this document which relates to it. To the best of the knowledge and belief of the directors of Fox Capital (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors and other interests

- 2.1 The interests (all of which are beneficial unless stated otherwise) of the Directors and their immediate families and of persons connected with them (within the meaning of Section 252 of the 2006 Act) which have been notified to the Company pursuant to Chapter 5 of the Disclosure Rules and Transparency Rules, or could with reasonable due diligence be ascertained by, any Director as at 23 February 2009 and as they are expected to be upon completion of the Conversion and Subscription are as follows:

<i>Name</i>	<i>At the date of this document</i>		<i>On Admission</i>	
	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital²</i>
Roy Tilleard ^{1,3}	4,787,000	28.16	19,787,000	61.83
Justin Martin	—	—	—	—
Peter McArthur	1,706,800	10.04	1,706,800	5.33
Peter Hammonds	35,000	0.21	35,000	0.11

¹ By virtue of holding the entire issued share capital of Fox Capital

² Assuming no other Ordinary Shares are issued other than the Conversion Shares and the Subscription Shares

³ On Admission Fox Capital will also hold warrants over 4,000,000 new Ordinary Shares. If these were exercised in full (and assuming no other subscription rights are exercised) Fox Capital would hold 23,787,000 representing a maximum of approximately 66.08 per cent. of the issued share capital of the Company

- 2.2 As at 13 February 2009, options over Ordinary Shares which have been granted to the Directors and remain exercisable but unexercised are as follows:

<i>Director</i>	<i>Date of Grant</i>	<i>Number of Ordinary Shares</i>	<i>Exercise Price (p)</i>	<i>Vesting Schedule</i>
Peter Hammonds	20 Oct 2008	200,000	12	20/10/10 to 20/10/18

- 2.3 Save as set out in paragraph 2.1 above, at 13 February 2009 and immediately following Admission so far as the Directors are aware, the only persons who are or will be directly, or indirectly interested in more than three per cent. of the issued share capital of the Company are as follows:

<i>Name</i>	<i>At the date of this document</i>		<i>On Admission</i>	
	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital*</i>
Ian MacRae	1,706,800	10.04	1,706,800	5.33
RAB Special Situations (Master) Fund Limited	1,700,000	10.00	1,700,000	5.31
Graeme Fraser	853,400	5.02	853,400	2.67
Roman Tehrani	652,525	3.84	652,525	2.04
Kevin Fraser	650,549	3.83	650,549	2.03
MD Barnard & Co Limited	514,000	3.02	514,000	1.61

* Assuming no other Ordinary Shares are issued other than the Conversion Shares and the Subscription Shares.

- 2.4 Neither Fox Capital nor any member of the Board, nor any person acting in concert with any of them, has purchased Ordinary Shares in the 12 months immediately preceding the date of this document.
- 2.5 The Directors, whose names appear on page 6 of this document, have been appointed to the offices and employments set out against their respective names. The agreements summarised below are each between the respective Director and the Company or subsidiary company:
- (a) A Directors' service agreement has been entered into with Mr McArthur with an annual salary of £6,000. Mr McArthur receives no other benefits or bonuses. The aforementioned service agreement is terminable by the Company or Mr McArthur on six months written notice.
 - (b) PG Industries Limited ("PGI"), a subsidiary of the Company, has entered into a service agreement with Mr McArthur with an annual salary of £54,000. He receives no other benefits or bonuses. The aforementioned service agreement is terminable by the Company or the employee on six months written notice.
 - (c) The services of Mr Tilleard as Chairman and Chief Executive Officer and Mr Martin as Chief Financial Officer are provided pursuant to the terms of a consultancy agreement made between the Company and Fox Capital, further details of which are set out in paragraph 3.4.
 - (d) The Company pays Mr Hammonds £25,000 per year in respect of the provision of his services as a Non-Executive Director.

Each such agreement contains a qualifying third party indemnity provision (within the meaning of the Act) from the Company to the Director concerned.

- 2.6 Save as disclosed in paragraph 2.5 above, there are no existing or proposed service agreements, between any Director and the Company or any of its subsidiaries, whether providing for benefits upon termination of employment or otherwise, and no such agreements have been entered into, replaced or amended within the six months preceding the date of this document.

3. Material Contracts – The Group

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by any member of the Group in the 2 years immediately preceding the date of this document which are, or may be, material:

3.1 General Capital Venture Finance Limited

3.1.1 On 6 September 2007, the Company and General Capital Venture Finance Limited ("GC") entered into a loan settlement agreement and a warrant vaporisation agreement, under the terms of which a secured loan facility from GC dated 15 May 2006 and all accrued interest was repaid by a payment of £690,000 to GC and the security released.

3.1.2 A warrant instrument dated 15 May 2006, in favour of GC was re-purchased and cancelled in consideration of a payment of £600,000 to GC which was satisfied by the issue of an unsecured loan note 2011 to GC by the Company. The loan note is repayable in full on 12 September 2011 or at the Company's option on one month's notice. It bears interest at the fixed rate of 6 per cent., on any outstanding capital sums, from the second anniversary of the date of the loan note until redemption. The interest will not compound but will be payable in full on the expiry of the loan note, or if earlier, redemption.

3.2 Barclays treasury loan

3.2.1 A five year £2 million treasury loan facility with Barclays Private Clients International Limited ("Barclays") dated 20 August 2007 to repay mezzanine debt and to provide working capital to the Group. This was repaid on 20 August 2008.

3.3 GE Commercial Finance Limited confidential invoice financing facility

3.3.1 A confidential invoice discounting facility with GE Commercial Finance Limited ("GE Finance") for a minimum period of 36 months from 13 September 2007. The current account limit available to the Company is £3,000,000. The service charge for the facility is 0.30 per cent (subject to a

minimum charge of £8,000 p.a). The advance percentage for the facility is 70 per cent. and the advance period is 90 days from the end of the month of the invoice date. The debtor concentration percentage is 100 per cent. except that this percentage must be reduced to 30 per cent. or other figure as considered appropriate by GE Finance within 30 days of the commencement of the facility. The export concentration percentage is 10 per cent. and approved territories include United Kingdom, EEA, USA, Canada, Australia and New Zealand. Sterling is the approved currency. The discount rate is 1.65 per cent. above the sterling base rate of Barclays Bank Plc. The debt turn must not exceed 75 days and GE Finance will hold an appropriate special reserve where the export debts exceed 10 per cent. of the total outstanding notified debts. The availability of the facility is subject to the satisfaction of various conditions precedent.

3.3.2 The discounting facility is secured by a composite guarantee and debenture incorporating fixed and floating charges over the assets of the Company and PGI and giving GE priority over the Company's and PGI's book debts. The obligations of the Company are guaranteed by PGI, under the terms of a cross guarantee.

3.4 Agreement with Fox Capital

3.4.1 Under the terms of an agreement dated 8 January 2007 made between Fox Capital and the Company as amended on 13 September 2007, the Company engaged Fox Capital to be its corporate advisor to assist the Company to raise funding from a public or private equity placement or to raise secured or unsecured debt finance.

3.4.2 As at 13 September 2007, the Company and Fox Capital also entered into a Consultancy Services agreement. Under the terms of this agreement, Fox Capital will provide the services of Mr Roy Tilleard and Mr Justin Martin, both of whom are directors of Fox Capital, and the Company will pay to Fox Capital, in addition to the sums set out above, in respect of the provision of the services of Roy Tilleard by Fox, £21,250 exclusive of VAT (if applicable) per quarter and in respect of the provision of the services of Justin Martin by Fox, £18,750 exclusive of VAT (if applicable) per quarter from the 17 September 2007. This agreement is terminable by either party on six months notice.

3.5 Warrants

On 13 September 2007, the Company granted to St Helen's Capital Plc ("St Helen's Capital") warrants to subscribe for approximately 340,000 Ordinary Shares, exercisable at £1 per Ordinary Share and exercisable for a period of 3 years from 13 September 2007.

3.6 Placing agreement relating to Original Admission

A Placing Agreement between the Company, the directors, City Financial Associates Limited ("CFA") and St Helen's Capital made on 13 September 2007, under which St Helen's Capital agreed to act as the Company's agent and to use its reasonable endeavours to procure subscribers for Ordinary Shares. The Placing Agreement contains warranties and indemnities from the Company and the directors in favour of St Helen's Capital and CFA together with provisions which enable St Helen's Capital and CFA to terminate the Placing Agreement in certain circumstances, including circumstances where there has been a material breach of any of the warranties.

Each of the directors also severally undertook to the Company, CFA and to St Helen's Capital that (save for extremely limited circumstances) during the period from the date of the agreement until (and including) 13 September 2008, he will and will procure that his associates retain their respective entire interest in, and will not dispose or agree to dispose of any interest in, any Ordinary Shares (other than 500,000 Ordinary Shares through a vendor placing); and between 13 September 2008 and 13 September 2009, he shall only dispose and procure that his associates shall only dispose of their respective interest in any Ordinary Shares through the agent selling stockbroker.

3.7 Supplemental lock in agreements

On 13 September 2007, Ian MacRae, Graeme Fraser and Bruce Matheson entered into lock in agreements with the Company, CFA and St Helen's containing provisions which are substantially the same form as those set out in paragraphs 3.6 above.

3.8 Nomad and broker agreement – Zeus Capital Limited

Under the terms of a Nomad Agreement and a Broker Agreement dated 4 November 2008, the Company appointed Zeus Capital Limited as its nominated adviser and broker for the purposes of the AIM Rules.

3.9 Commercial leases

3.9.1 PGI was in occupation of a property at 23 Cherokee Place, Maunganui, Tauranga, New Zealand (“Cherokee Place”) under the terms of a licence the details of which are as follows:

<i>Property</i>	<i>Tenure</i>	<i>Lease expiry date</i>	<i>Annual rent</i>
23 Cherokee, Place, Maunganui, Tauranga, New Zealand	Licence	n/a	NZ\$17,000

3.9.2 Cherokee Place is unaffected by any environmental issues which affects or may affect the Company’s or PGI’s utilisation of that property.

3.9.3 PGI also took occupation of a property at 37 Aviation Avenue, Maunganui, Tauranga, New Zealand (“Aviation Avenue”), under the terms of a lease the details of which are as follows:

<i>Property</i>	<i>Tenure</i>	<i>Lease expiry date</i>	<i>Annual rent</i>
37 Aviation Avenue, Maunganui, Tauranga, New Zealand	Leasehold	4 November 2011, with a right to renew for a further 4 years	\$180,000

3.9.4 Aviation Avenue is unaffected by any environmental issues which affects or may affect the Company’s or PGI’s utilisation of that property.

3.10 Lorne House Trust

On 21 June 2007, the Company appointed Lorne House Trust Limited to provide Company Secretarial and administrative services, including retaining the Company’s books of account, working papers and financial statements, preparing accounts, the consolidation and the financial statements, assisting with the annual independent audit of and the calculation of the net asset value of the Company, paying fees, distributions and expenses in accordance with the instructions of the Directors and maintaining such treasury and bank activities as may be necessary in accordance with the instructions of the Directors, for the annual fee of £12,000.

3.11 Fox Capital Limited Loan Agreement

On 22 September 2008, the Company was granted the Loan by Fox Capital, the terms of which were recorded in a Loan agreement dated 23 February 2009. Under the terms of the Loan agreement Fox Capital Limited has made available to the Company an unsecured loan facility of £100,000 which has been fully drawn down. The loan carries an interest rate of 6 per cent. above the Bank of England’s Base Rate. The loan is convertible into Ordinary Shares in the Company at a price of 2p per share upon fulfilment of the following conditions:

- a) shareholder approval being given for the waiver of Rule 9 of the Takeover Code, insofar as the Conversion and the Subscription increases Fox Capital’s holding, and voting rights in the Company, beyond 30 per cent.;
- b) shareholder approval being given for the Conversion, the Subscription and the grant of the Fox Capital Warrants;
- c) the Company entering into a subscription agreement with Fox Capital; and
- c) the Company entering into a warrant agreement with Fox Capital.

If not converted, the loan is repayable on 30 September 2009.

3.12 Subscription Agreement

On 23 February 2009 the Company entered into a subscription agreement with Fox Capital. Under the terms of the subscription agreement Fox Capital agreed to subscribe for 10,000,000 Ordinary Shares in the Company at 2p per share upon the fulfilment of the following conditions:

- a) completion of the Conversion;
- b) shareholder approval being given for the waiver of Rule 9 of the Takeover Code, insofar as the Conversion and the Subscription increases Fox Capital's holding, and voting rights in the Company, beyond 30 per cent; and
- c) the Company entering into a warrant agreement with Fox Capital.

3.13 Relationship Agreement

On 23 February 2009, the Company entered into the Relationship Agreement with Fox Capital. Under the terms of the Relationship Agreement, Fox Capital shall use its reasonable endeavours to ensure that the Company is capable at all times of carrying on its business independently. This includes, inter alia, conducting transactions and relationships between Fox Capital and the Company at arm's length and on a normal commercial basis, Fox Capital agreeing not to appoint representatives to the Board which would give it a majority of the Board composition and managing the business and affairs of the Company for the benefit of all Shareholders. The Relationship Agreement is conditional on Shareholder approval being granted in relation to the Conversion, the Subscription, the grant of the Fox Capital Warrants and the Waiver.

3.14 Fox Capital Warrants Agreement

On 23 February 2009, the Company entered into a warrant agreement with Fox Capital. Under the terms of the warrant agreement Fox Capital was granted warrants to subscribe for 4,000,000 new Ordinary Shares in the Company at 2p per share upon fulfillment of the following conditions:

- a) completion of the Conversion; and
- b) shareholder approval being given for the waiver of Rule 9 of the Takeover Code, insofar as the Conversion and the Subscription increases Fox Capital's holding, and voting rights in the Company, beyond 30 per cent.

4. Fox Capital Limited

4.1 Save for the agreements set out in paragraph 3.11, 3.12, 3.13 and 3.14 above and the contracts set out in paragraphs 4.2 to 4.4 below, Fox Capital has not entered into any contracts, other than in the ordinary course of business, within the 2 years immediately preceding the date of this document which are, or may be, material.

4.2 The Fox Capital Facility

On 15 November 2006, Roy Tilleard entered into a Draw Down Facility, (the "Fox Capital Facility") with Fox Capital to make available upon demand by Fox Capital such sum or sums as Fox Capital may request, the total of which, excluding interest, may not exceed £1,000,000. The Fox Capital Facility carries an interest rate of one and one half per cent. above the Bank of England Base Rate per annum. The Fox Capital Facility is secured by way of a Debenture in favour of Roy Tilleard, including inter alia a first fixed charge on all property to which Fox Capital is or may be entitled and by way of a floating charge on all other assets of Fox Capital.

4.3 Transfer of shares

On 6 October 2008, the realisable value of the assets held by Fox Capital Capital was determined to have diminished to a value less than the amount drawn down pursuant to the Fox Capital Facility noted in 4.2 above and as such it was agreed that Justin Martin transfer his shares in Fox Capital to Roy Tilleard as further security for his loans.

4.4 IncaGold Plc ("IncaGold")

4.4.1 On 21 December 2007, The Panel granted a dispensation from the provisions of Rule 9 enabling Fox Capital to subscribe for 200,000,000 ordinary shares to Fox Capital at a price of 0.025p per ordinary share, representing approximately 53.00 per cent of the then enlarged issued share capital. Taken together with the 9,273,623 ordinary shares in which Fox Capital was interested immediately prior to this issue, Fox Capital, at this time held an interest in 209,273,623 shares in IncaGold, representing 55.45 per cent.

- 4.4.2 Under the terms of an agreement dated 30 May 2008 made between Fox Capital and IncaGold, IncaGold engaged Fox Capital to be its corporate advisor to assist IncaGold in its day to day operations, assist and advise IncaGold on its expansion and development through acquisition or merger and provide interim funding of its working capital needs.
- 4.4.3 On 30 May 2008, Fox Capital entered into a Convertible Draw Down Facility, (the “Inca Facility”) with IncaGold to make available upon demand by IncaGold such sum or sums as IncaGold may request, the total of which, excluding interest, may not exceed £30,000. The Inca Facility carries a fee equal to 25.00 per cent. of the principal amount drawn down under the Inca Facility and an interest rate of one and one half percent above the Bank of England Base Rate per annum and is convertible (in full only) into ordinary shares in IncaGold at the mid market price on the close of business on the trading day that immediately precedes 30 May 2008. The Inca Facility is secured by way of a debenture in favour of Fox Capital that includes inter alia a first fixed charge on all property to which IncaGold is or may be entitled and by way of a floating charge on all other assets of IncaGold.

5. Litigation

5.1 Kurawood Plc

- 5.1.1 Save as disclosed in paragraph 5.1.2 to 5.1.3 below, neither the Company nor any subsidiary is involved in any governmental, legal or arbitration proceedings in the 12 months prior to the date of this document (including any such proceedings which are pending or threatened of which the Company is aware) which may have or have had in the recent past a significant effect on the Group, its financial position or profitability.
- 5.1.2 On 4 November 2008, Kevin Fraser brought an employment tribunal claim for £36,876 for a six months notice period. The Company is contesting this claim and has filed a defence. The maximum amount that Kevin Fraser can be awarded by the Tribunal is £83,000.
- 5.1.3 Bruce Matheson has brought an action against the Company for £441,000 in relation to share options which he claims should have been issued to him and a claim for repayment of £30,000 to cover expenses and various costs to Mr Matheson whilst acting for the Company. The claim is at an early stage but the Company is contesting these claims.

5.2 Fox Capital Limited

- 5.2.1 Save as disclosed below, Fox Capital is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Fox Capital is aware) which may have or have had during the 12 months preceding the date of this document a significant effect on Fox Capital, its financial position or profitability.
- 5.2.2 In 2007 Mr Tilleard brought a claim in the High Court of the Isle of Man against Mr Richard Holmes and Ataraxia Investments Limited for misrepresentation. The claim was part settled on 3 July 2008 when 10,711,190 ordinary shares in IncaGold Plc were transferred to Fox Capital which at this time resulted in Fox Capital having a beneficial interest in IncaGold Plc of 221,718,147 ordinary shares representing 58.74 per cent. of the issued share capital of IncaGold Plc. On 14 July 2008, full and final settlement was reached when a further 66,771,127 ordinary shares in IncaGold Plc were transferred to Fox Capital which at this time resulted in Fox Capital having a beneficial interest in IncaGold Plc of 288,489,274 ordinary shares representing 76.44 per cent. of the issued share capital of IncaGold Plc.
- 5.2.3 On 5 December 2008, Fox Capital instructed its advocates to issue a letter before action to Ms Juliet Bentley in relation to a breach of a Shareholders’ Agreement entered into between Ms Bentley and Fox Capital in relation to the funding and development of The Association of Cosmetic Surgery Limited, seeking injunctive relief in the first instances and reserving Fox Capital’s position in case of any losses, which include loss of future profits should the project with Ms Bentley not go ahead.

6. Information required by the Code

Shareholdings, arrangements and dealings:

- 6.1 Save for the Existing Ordinary Shares held by Fox Capital as set out in paragraph 2.1 above, neither Fox Capital nor any of its directors nor any member of their immediate families, any related trust nor any associate (as defined below), nor any connected persons (within the meaning of section 252 of the 2006 Act), nor any person acting in concert with such persons, owns or controls, or has borrowed or lent, or is interested in, or has any right to subscribe for, or any arrangement concerning, directly or indirectly, any of the relevant securities, nor has any such person dealt for value therein during the disclosure period or has any short position (whether conditional or absolute and whether in the money or otherwise), including a short position under a derivative or right to require any person to take delivery of any of the relevant securities.
- 6.2 Save as disclosed in paragraph 2 of this Part II, none of (i) the Company; (ii) the Directors; (iii) associates of the Company; (iv) the pension funds of the Company or of any associate of the Company; (v) any employee benefit trust of the Company or of a company which is an associate of the Company; (vi) any connected adviser to the Company or to a company which is an associate of the Company or any person acting in concert with the Directors; (vii) any person controlling, controlled by or under the same control as any connected adviser falling within (vi) above (except for an exempt principal trader or an exempt fund manager; and (viii) any person who has an arrangement of the kind referred to in Note 6 on Rule 8 of the Takeover Code with the Company or with any person who is an associate of the Company, owns or controls or is interested in, or has any right to subscribe for, or any arrangement concerning, directly or indirectly, any of the relevant securities nor has any such person dealt for value therein during the disclosure period or has any short position (whether conditional or absolute and whether in the money or otherwise), including a short position under a derivative or right to require any person to take delivery of any of the relevant securities.
- 6.3 None of the Directors or anyone acting in concert with the Company has borrowed or lent any of the Company's relevant securities.
- 6.4 Definitions for the purposes of this paragraph 6:
- (a) **“acting in concert”** has the meaning attributed to it in the Takeover Code;
 - (b) **“arrangement”** includes an indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;
 - (c) **“associate”** of any company means:
 - (i) its parent, subsidiaries and fellow subsidiaries, their associated companies and companies of which any such parent, subsidiaries, fellow subsidiaries or associated companies are associated companies (for this purpose, ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of “associated company” status);
 - (ii) its connected advisers and persons controlling, controlled by or under the same control as such connected advisers;
 - (iii) its directors and the directors of any company covered in (i) above (together in each case with their close relatives and related trusts); and
 - (iv) its pension funds or the pension funds of a company covered in (i) above;
 - (d) **“connected adviser”** has the meaning attributed to it in the Takeover Code;
 - (e) **“connected person”** has the meaning attributed to it in section 252 of the 2006 Act;
 - (f) **“control”** means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or aggregate holding gives de facto control;

- (g) **“dealing”** or **“dealt”** includes the following:
 - (i) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of voting rights attached to relevant securities, or of general control of relevant securities;
 - (ii) subscribing or agreeing to subscribe for relevant securities;
 - (iii) the exercise of conversion of any relevant securities carrying conversion or subscription rights;
 - (iv) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities; and
 - (v) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
- (h) **“derivative”** includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security but which does not include the possibility of delivery of such underlying security;
- (i) **“disclosure date”** means 23 February 2009, being the latest practicable date prior to the posting of this document;
- (j) **“disclosure period”** means the period commencing on 24 February 2008, being the date 12 months prior to the posting of this document and ending on the disclosure date;
- (k) **“exempt principal trader”** or **“exempt fund manager”** has the meaning attributed to it in the Takeover Code;
- (l) being **“interested”** in relevant securities includes where a person:
 - (i) owns relevant securities;
 - (ii) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them;
 - (iii) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
 - (iv) is party to any derivative whose value is determined by reference to its price and which results, or may result, in his having a long position in it;
- (m) **“relevant securities”** means ordinary shares (or derivatives referenced thereto) and securities convertible into or rights to subscribe for ordinary shares, options in respect of ordinary shares (including traded options) or short positions in ordinary shares in the Company; and
- (n) **“short position”** means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

6.5 No agreement, arrangement or understanding (including any compensation arrangement) exists between any Director, recent director of Fox Capital Limited, Shareholder or recent shareholder of Fox Capital Limited having any connection with or dependence upon, or which is conditional upon, the Conversion and Subscription.

6.6 There is no agreement, arrangement or understanding between Fox Capital and any other person pursuant to which any Ordinary Shares which they will acquire pursuant to the Conversion and Subscription will be transferred.

- 6.7 Fox Capital has financed the Loan out of its internal resources and there are no arrangements relating to payment of interest on, repayment of, or security for any liability (contingent or otherwise) of Fox Capital which depend to any significant extent on the business of the Company.

7. Market Quotations

The following table shows the closing middle market quotations for the Existing Ordinary Shares as derived from the London Stock Exchange Daily Official List on each of the first dealing day of each month from 1 September 2008 to 23 February 2009 being the latest practicable date prior to the posting of this document;

Existing Ordinary Share

1 September 2008	19.5p
1 October 2008	8.5p
3 November 2008	7.0p
1 December 2008	4.0p
2 January 2009	1.6p
2 February 2009	2.8p
23 February 2009	3.25p

8. General

- 8.1 Save for the provision of the Loan from Fox Capital, there has been no material change in the financial or trading position of the Company since 30 September 2008, being the date to which the last audited accounts were drawn up.
- 8.2 Zeus Capital have given and not withdrawn their written consent to the inclusion in this document of references to their name in the form and context in which it appears.

9. Documents on Display

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the offices of the Company, 21 St. Thomas Street, Bristol, BS1 6JS for a period from the date of this document until the date falling one month from the date of Admission and on the Company's website www.kurawood.com.

- 9.1 the Memorandum and Articles of Association of the Company;
- 9.2 the audited financial statements of the Company for the two years ended 30 September 2007 and 30 September 2008;
- 9.3 the service contracts and letters of engagement referred to in paragraph 2 above;
- 9.4 the material contracts referred to in paragraph 3 and paragraph 4 above;
- 9.5 the consent letter referred to in paragraph 8.2 above; and
- 9.6 the Memorandum and Articles of Association of Fox Capital.

Copies of this document are available to the public, free of charge, at the offices of the Company's solicitors Manches LLP, Aldwych House, 81 Aldwych, London WC2B 4RP, during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this document until one month from the date of Admission.

Dated 24 February 2009

Kurawood Plc

(Incorporated in England and Wales under the Companies Act 1985 with registered number 05696525)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of the Company will be held at Zeus Capital Limited, 3 Ralli Courts, West Riverside, Manchester M3 5FT on 2 April 2009, at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions. Resolutions 1 and 2 will be proposed as ordinary resolutions and resolution 3 will be proposed as a special resolution, of which Resolution 2 will be taken on a poll:

Ordinary Resolutions

1. That subject to the passing of resolution 2:
 - 1.1 the authorised share capital of the Company be increased by the creation of 19,000,000 Ordinary Shares of 1 pence each ranking *pari passu* in all respects with the existing ordinary shares of 1 pence each in the capital of the Company; and
 - 1.2 the directors (for the purposes of section 80 of the 1985 Act) be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (as defined in section 80 of the 1985 Act) up to a nominal amount equal to £190,000.00 to such persons, on such terms and in such manner as they think fit. This authority is in addition to all previous authorities conferred upon the directors pursuant to section 80 of the 1985 Act, but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities.
2. That, subject to the passing of resolutions 1 and 3, the waiver granted by the Takeover Panel, as described in the circular to shareholders dated 24 February 2009, of which this notice forms part (the "Circular"), of the obligation which might otherwise arise on Fox Capital (as defined in the Circular), pursuant to Rule 9 of the Takeover Code, published by the Panel, to make a general offer to the shareholders of the Company ("Shareholders") for all the shares in the Company held by them as a result of the issue of 5,000,000 Conversion Shares (as defined in the Circular) and the subscription for 10,000,000 Subscription Shares (as defined in the Circular) which would result in Fox Capital holding an interest of more than 50 per cent. of the Company's enlarged issued share capital be and is hereby approved.

Special Resolution

3. That, subject to and conditional upon the passing of resolution 1, the directors be and they are empowered pursuant to section 95 of the 1985 Act to allot equity securities (within the meaning of section 94(2) to section 94(3A) of the 1985 Act) wholly for cash pursuant to the authority conferred by the previous resolution as if section 89(1) of the 1985 Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
 - a. the allotment of 5,000,000 Ordinary Shares in connection with the proposed conversion into Ordinary Shares at a conversion price of 2 pence per Ordinary Share of the loan made by Fox Capital to the Company, as described in the Company's circular to shareholders of which this Notice forms part; and
 - b. the allotment of 10,000,000 Ordinary Shares in connection with the proposed subscription at a subscription price of 2 pence per Ordinary Share by Fox Capital to the Company, as described in the Company's circular to shareholders of which this Notice forms part; and
 - c. the allotment of 4,000,000 Ordinary Shares in connection with the proposed grant of Fox Capital Warrants to Fox Capital, as described in the Company's circular to shareholders of which this Notice forms part.

No member of Fox Capital Limited will be voting their respective interests in 4,787,000 shares in the Company in respect of resolution 2, representing approximately 28.16 per cent. of the Company's current issued share capital.

By order of the Board

Tanya Rhodes
Company Secretary

24 February 2009

Registered office
21 St. Thomas Street
Bristol
BS1 6JS

NOTES

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:
 - 6.00 p.m. on 31 March 2009; or,
 - if this general meeting is adjourned, 48 hours prior to the adjourned meeting,shall be entitled to attend and vote at the general meeting.

Poll

2. Resolution 2 will be taken on a poll of independent shareholders in accordance with the requirements of the Takeover Panel and accordingly Fox Capital will not vote on Resolution 2.

Appointment of proxies

3. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy.
4. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
5. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

Appointment of proxy using hard copy Form of Proxy

6. The notes to the Form of Proxy explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the Form of Proxy, the form must be:

- completed and signed;
- sent or delivered to SLC Registrars at Thames House, Portsmouth Road, Esher, Surrey KT10 9AD; and
- received by SLC Registrars no later than 11.00 a.m. on 31 March 2009.

In the case of a member which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.

Appointment of proxy by joint members

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy Form of Proxy and would like to change the instructions using another hard-copy Form of Proxy, please contact SLC Registrars on 01372 467 308. Calls are free of charge.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

9. In order to revoke a proxy instruction you will need to inform SLC Registrars by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Thames House, Portsmouth Road, Esher, Surrey KT10 9AD. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by SLC Registrars no later than 11.00 a.m. on 31 March 2009.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

Corporate Representatives

10. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the Meeting so that:
- (i) if a corporate member has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all the other corporate representatives for that member 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 member attends the Meeting but the corporate member 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 members are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives, available from www.icsa.org.uk, for further details of this procedure. The guidance includes a sample form of representation letter to appoint the Chairman as a corporate representative as described in (i) above.

Communication

11. Except as provided above, members who have general queries about the meeting should contact SLC Registrars on 01372 467 308 (calls are free of charge). No other methods of communication will be accepted.

You may not use any electronic address provided either:

- in this notice of general meeting; or
- any related documents (including the Form of Proxy),

to communicate with the Company for any purposes other than those expressly stated.