

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO DECISION YOU SHOULD TAKE, YOU ARE RECOMMENDED TO CONSULT WITH AN INDEPENDENT FINANCIAL ADVISER WHO, IF YOU ARE TAKING ADVICE IN THE UNITED KINGDOM, IS AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 OR, IF YOU ARE TAKING ADVICE OUTSIDE THE UNITED KINGDOM, FROM ANOTHER APPROPRIATELY AUTHORISED INDEPENDENT FINANCIAL ADVISER.

CONDITIONAL OFFER BY

DANIEL STEWART SECURITIES PLC

TO ACQUIRE THE ENTIRE ISSUED AND TO BE ISSUED SHARE CAPITAL

OF

ATLANTIC CARBON GROUP PLC

7 February 2019

Dear Shareholders

1. Introduction

Daniel Stewart Securities PLC (**Offeror**), a public company registered in England and Wales (company number 03899545) offers to acquire (on the terms and subject to the conditions set out in this Offer Document) the entire issued and to be issued share capital of Atlantic Carbon Group PLC (the **Company** or **Target**) (the **Offer**). Under the terms of the Offer, holders of ordinary shares in the Company (**Shareholders**) will receive 1.5587 new ordinary shares of £0.025 nominal value each in the capital of the Offeror (**Consideration Shares**) (rounded up or down, as the case may be, to the nearest whole number) for every 1 (one) held by them in the issued share capital of the Company (**Target Shares**).

The Target has the following wholly-owned subsidiaries (**Subsidiaries**):

Name and registered number

Atlantic Carbon Group Inc

Registered office

100 Hazlebrook Road,
PO Box 39, Hazelton, PA 18201

In these heads of terms, references to the **Target Group** means the Target and each of the Subsidiaries.

The purpose of this Offer Document is, therefore, to explain to you:

- 1.1 the terms of the Offer; and
- 1.2 how to accept the Offer.

This Offer is intended to be legally binding on the parties hereto save where otherwise stated.

2. Conditions of the Offer

The Offer is subject to and conditional upon the following conditions (**Conditions**):

- 2.1 there being granted on terms reasonably satisfactory to the Offeror and on behalf of the Shareholders a waiver by the Takeover Panel of any requirement under Rule 9 of the Code that would otherwise arise on the Shareholders (whether individually or as a concert party or otherwise) to make a general offer to the Offeror's shareholders as a result of the issue to any one or more of the Shareholders of the Consideration Shares which either alone or together with any shares in the Offeror in which any of them (or any person acting in concert with them) is already interested carry 30% or more of the voting rights exercisable at a general meeting of the Offeror, and such consents and approvals remaining in full force and effect;

- 2.2 the despatch by the Offeror to its shareholders of a notice of general meeting of the Offeror proposing resolutions (**Resolutions**) to approve (i) the completion of the acquisition; (ii) the issue and allotment of the Consideration Shares; (iii) the change of the Offeror's name to Atlantic Carbon Group Plc; and (iv) all other necessary resolutions to give effect to the Offer.
- 2.3 the passing of the Resolutions;
- 2.4 valid acceptances being received (and not, where permitted, withdrawn) by not later than 1:00pm GMT on 28 February 2019 in respect of such number of Target Shares which will result in the Offeror carrying more than 50.01 per cent. of the voting rights then normally exercisable at a general meeting of the Company (**Acceptance Threshold**);
- 2.5 the Offeror being satisfied, to its sole satisfaction, with the results of its due diligence investigation of the respective financial, corporate, taxation and trading positions and prospects of each member of the Target Group and the title of each member of the Target Group to its respective assets;
- 2.6 the Company being satisfied, to its sole satisfaction, with the results of its due diligence investigation of the respective financial, corporate, taxation and trading positions and prospects of the Offeror and the title of the Offeror to its respective assets;
- 2.7 all regulatory, governmental and other consents to the sale and purchase of the Target Shares and all notifications, reports and announcements being obtained and/or complied with in form and substance satisfactory to the Offeror;
- 2.8 Save as disclosed by the Company to the Offeror prior to completion, there being no material adverse change in the business, operations, assets, position (financial, trading or otherwise), profits or prospects of the Target Group between the date of this Offer and Completion; and
- 2.9 all outstanding rights and interests in the Company's ordinary shares, including without limitation all warrants, options and other rights and interests in ordinary shares in the Company to be extinguished prior to Completion.

If the Offer becomes unconditional, then the Company shall transfer the Target Shares of those Shareholders who have accepted the Offer to the Offeror and the Offeror shall issue such number of shares in its capital to those Shareholders on the basis of the ratio set out in this letter. If the Offer becomes unconditional and Shareholders holding at least 50.01 per cent. of the Target Shares but less than 90 per cent. of the Target Shares have accepted the Offer, then those Shareholders who have not accepted the Offer will remain shareholders of the Company and will not be issued shares in the Offeror. If the Offer becomes unconditional and Shareholders holding at least 90 per cent. of the Target Shares have accepted the Offer then the Offeror will be entitled to implement the provisions set out in the Companies Act 2006 to acquire the holding of those Shareholders who have not the accept the Offer.

In the event that these conditions are not satisfied or waived by the Offeror by 31 March 2019, the Offer shall lapse and the obligations in this Offer Document shall terminate and cease to be of any further force or effect.

3. Warranties to be given by you

By accepting the Offer, you will be warranting and representing that:

- 3.1 you have the capacity to sell your Target Shares;
- 3.2 you shall give the full legal and beneficial title to the Target Shares held by you to the Offeror;
- 3.3 you shall sell your Target Shares free from any interest or equity of any person (including any right to acquire, option or right of pre-emption) or any mortgage, charge, pledge, lien, assignment, hypothecation, security, title, retention or any other security agreement or arrangement (**Encumbrance**);
- 3.4 you waive any right of pre-emption which may exist in relation to the transfer of your Target Shares;
- 3.5 no commitment has been given to create an Encumbrance affecting your Target Shares;

- 3.6 the Target Shares are sold with all rights that attach, or may in the future attach, to them (including, in particular, the right to receive all dividends and distributions declared, made or paid on or after the date of this agreement);
- 3.7 you have the requisite power and authority to accept the Offer;
- 3.8 you are the legal and beneficial owner of such number of Target Shares as set out opposite your name in the Company share register as at the date of this Offer Document;
- 3.9 the acceptance of the Offer shall constitute valid, legal and binding obligations on you; and
- 3.10 you will use reasonable endeavours to assist the satisfaction of the relevant Conditions set out in paragraph 2 of this Offer.

4. Offeror Warranties

In consideration of your accepting the Offer, the Offeror warrants to you:

- 4.1 it has the requisite power and authority to make the Offer and to perform its obligations hereunder including issuing the Consideration Shares to you on the basis set out in this Offer Document;
- 4.2 the Offer has been duly authorised and executed by, and constitutes a binding obligation upon the Offeror;
- 4.3 the execution and performance by the Offeror of the Offer and the documents referred to in it will not breach or constitute a default under the Offeror's articles of association, or any agreement, instrument, order judgment or other restriction which binds the Offeror;
- 4.4 the Offeror has disclosed all major known liabilities and potential liabilities relating to the Offeror to the Target; and
- 4.5 the Offeror will use its reasonable endeavours to satisfy the relevant Conditions set out in paragraph 2 of this Offer.

5. Procedure for acceptance of the Offer

The following paragraphs should be read in conjunction with Parts A and B of Appendix I to this Offer Document and, in respect of the Target Shares held in certificated form, the instructions and notes on the accompanying Form of Acceptance which are deemed to be incorporated into, and form part of, the terms of the Offer.

Different procedures for acceptance apply depending upon whether your Target Shares are held in certificated or uncertificated form.

The deadline for acceptance of the proposed Offer is 1:00p.m. (UK time) on 28 February 2019. You are urged to accept the Offer as soon as possible.

If you hold your Target Shares in certificated form (that is, not in CREST), you may only accept the Offer in respect of such shares by completing and returning the accompanying personalised Form of Acceptance in accordance with the procedure set out in paragraph 5.1 below and the instructions printed on the Form of Acceptance. If you hold your Target Shares in certificated form, but under different designations, you should complete a separate Form of Acceptance for each designation. Additional Forms of Acceptance are available from Link Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday, excluding public holidays, in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

If you hold your Target Shares in uncertificated form (that is, in CREST), you may only accept the Offer in respect of such shares by TTE Instruction in accordance with the procedure set out in paragraph 5.2 below. If you hold your Target Shares in uncertificated form, but under different member account IDs, you should send a separate TTE Instruction for each member account ID.

5.1 **Target Shares held in certificated form (that is, not in CREST)**

(a) To accept the Offer

To accept the Offer in respect of your Target Shares held in certificated form, you must complete Box 1A, 2, 3 and, if appropriate, Box 5 of the Form of Acceptance. If you are an individual, you must also sign Box 4A of the enclosed Form of Acceptance in the presence of a witness, who should also sign in accordance with the instructions printed on it. Any Shareholder which is a company should execute the Form of Acceptance in accordance with the instructions printed on it. If you do not insert a number in Box 3 of the Form of Acceptance or if you insert a number that is greater than your registered holding of Target Shares, your acceptance will be deemed to be in respect of all the Target Shares held by you in certificated form.

(b) Return of Form of Acceptance

To accept the Offer in respect of your Target Shares held in certificated form, you should complete the Form of Acceptance and Irrevocable Power of Attorney enclosed with this Offer Document (the **Acceptance Form**) in accordance with the instructions printed on it and set out in this Offer Document and return it together with your share certificate(s) or other document(s) of title to Link Asset Services, as soon as possible and, in any event, so as to be received by Link Asset Services by no later than 1:00pm on 28 February 2019.

By signing the Acceptance Form, you will thereby appoint the Offeror as your attorney to take all reasonable and necessary actions on your behalf in order to give effect to the Offer and complete the transaction. This shall include (without limitation) signing a stock transfer form(s) in respect of your Target Shares in favour of the Offeror.

(c) Validity of acceptances

Without prejudice to Parts A and B of Appendix 1 to this Offer Document and subject to the terms of the Offer, the Offeror reserves the right to treat as valid (in whole or in part) any acceptance of the Offer in respect of Target Shares held in certificated form which is not entirely in order or which is not accompanied by (as applicable) the relevant share certificate(s) and/or other document(s) of title. In that event, no payment of cash under the Offer will be made until after the relevant share certificate(s) and/or other document(s) of title or indemnities in lieu thereof satisfactory to the Offeror have been received.

5.2 **Target Shares held in uncertificated form (that is, in CREST)**

If you hold your Target Shares in uncertificated form, to accept the Offer you should take (or procure to be taken) the action set out below to transfer the Target Shares in uncertificated form in respect of which you wish to accept the Offer to the appropriate escrow balance(s) (that is, send a TTE Instruction), specifying Link Asset Services (in its capacity as a CREST participant under its participant ID referred to below) as the Escrow Agent, as soon as possible and in any event so that the TTE Instruction settles by no later than 1.00 p.m. on 28 February 2019.

You should note that settlement of a TTE Instruction cannot take place on weekends or public holidays (or other times at which the CREST system is non operational) and you should therefore ensure that you time the input of any TTE Instruction(s) accordingly.

The input and settlement of a TTE Instruction in accordance with this paragraph 5.2 will (subject to satisfying the requirements set out in Parts B of Appendix I to this Offer Document) constitute an acceptance of the Offer in respect of the number of Target Shares in uncertificated form so transferred to escrow.

If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Your CREST sponsor will be able to confirm details of your participant ID and the member account ID under which your Target Shares in uncertificated form are held. In addition, only your CREST sponsor will be able to send the TTE Instruction(s) to Euroclear in relation to your Target Shares.

(a) To accept the Offer

To accept the Offer in respect of Target Shares held in uncertificated form, you should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) a TTE Instruction to Euroclear

in relation to such shares. A TTE Instruction to Euroclear must be properly authenticated in accordance with Euroclear's specifications for transfer to escrow and must contain, in addition to the other information that is required for a TTE Instruction to settle in CREST, the following details:

- (i) the *corporate* action ISIN number for the Target Shares. This is GB00B1429994;
- (ii) the *number* of Target Shares to be transferred to an escrow balance (i.e. the number of Target Shares in uncertificated form in respect of which you wish to accept the Offer);
- (iii) your member account ID;
- (iv) your *participant* ID;
- (v) the participant ID of the Escrow Agent (namely, Link Asset Services in its capacity as a CREST *receiving* agent). This is RA10;
- (vi) the *member* account ID of the Escrow Agent. This is DANACG01;
- (vii) the *intended* settlement date. This should be as soon as possible and, in any event, not later than 1.00p.m. on 28 February 2019;
- (viii) the *corporate* action number for the Offer allocated by Euroclear. This can be found by viewing the relevant corporate action details in *CREST*;
- (ix) input with standard delivery instructions priority of 80; and
- (x) your *contact* name and telephone number inserted in the shared note field.

After settlement of the TTE Instruction, you will not be able to access the Target Shares concerned in CREST for any transaction or charging process, unless the Offer lapses or is withdrawn. If the Offer becomes or is declared unconditional in all respects, Link Asset Services (acting as escrow agent) will transfer the Target Shares concerned to itself in accordance with the procedure set out in Part B of Appendix I to this Offer Document.

You are recommended to refer to the CREST manual for further information on the CREST procedures outlined above.

You should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE Instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE Instruction relating to your Target Shares in uncertificated form to settle prior to 1.00 p.m. on 28 February 2019. In this regard, you are referred in particular to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

(b) *Validity of acceptances*

A Form of Acceptance which is received in respect of Target Shares held in uncertificated form will not constitute a valid acceptance of the Offer and will be disregarded. Holders of Target Shares in uncertificated form who wish to accept the Offer should note that a TTE Instruction will only be a valid acceptance of the Offer as at the relevant closing date if it has settled on or before that date.

6. Settlement

Subject to the Offer becoming or being declared unconditional, the Offeror will issue and allot to you such number of Consideration Shares in accordance with the terms of this Offer Document within 14 days of the Offer becoming or being declared unconditional. Your Consideration Shares will be delivered to you in accordance with your delivery instructions contained in your Acceptance Form or per your TTE Instruction.

7. General

If the Offer does not become or is not declared unconditional in all respects:

- 7.1 In the case of Target Shares held in certificated form, the relevant completed Forms of Acceptance, share certificate(s) and/or other documents(s) of title will be returned by post (or by such other method

as may be approved by the Panel) within 14 days of the Offer lapsing or being withdrawn, to the person or agent whose name and address (outside a Restricted Jurisdiction) is set out in Box 1 on the relevant Form of Acceptance or, if none is set out, to the first-named holder at his or her registered address (outside a Restricted Jurisdiction); and

- 7.2 Target Shares held in uncertificated form, Link Asset Services (acting as escrow agent) will, immediately after the lapsing or withdrawal of the Offer, give TTE Instructions to Euroclear to transfer all Target Shares held in escrow balances and in relation to which it is the escrow agent for the purposes of the Offer to the original available balances of the Shareholders concerned.

All remittances, communications, certificates and documents of title sent by, to or from Shareholders or their appointed agents will be sent at their own risk.

8. Withdrawal

- 8.1 By 8.00 a.m. on the business day (the “**relevant day**”) next following the day on which the Offer is due to expire or becomes unconditional or is revised as the case may be, the Offeror will release an announcement informing the market of the position.
- 8.2 Any decision to extend the time and/or date by which the acceptance condition has to be fulfilled may be made by the Offeror at any time up to, and will be announced not later than, 8.00 a.m. on the relevant day and the announcement will state the next expiry time and date (unless the Offer is unconditional in which case a statement may be made that the Offer will remain open until further notice).
- 8.3 If the Offeror, having notified the Target that the Offer has become unconditional, fails to comply by 3.30 p.m. on the relevant day (as defined in paragraph 8.1) with any of its obligations specified in this Offer Document, an accepting Shareholder may immediately after that time withdraw his acceptance of the Offer by written notice (signed by the accepting Shareholder or his agent duly appointed in writing and evidence of whose appointment in a form reasonably satisfactory to the Offeror is produced with the notice) given by post or (during normal business hours only) by hand to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Alternatively, in the case of Target Shares in uncertificated form, withdrawals can be effected in the manner set out in paragraph 8.4 below.
- 8.4 In respect of Target Shares held in uncertificated form, if withdrawals are permitted pursuant to this paragraph 8, an accepting Target Shareholder may withdraw his acceptance through CREST by sending (or, if a CREST sponsored member, procuring that his CREST sponsor sends) a valid ESA Instruction to settle in CREST in relation to each Electronic Acceptance to be withdrawn. Each ESA Instruction must, in order for it to be valid and settle, include the following details:
- (a) the number of Target Shares to be withdrawn;
 - (b) the corporate action ISIN number for the Target Shares. This is GBOOB1429994;
 - (c) the member account ID of the accepting Shareholder;
 - (d) the participant ID of the accepting Shareholder;
 - (e) the participant ID of the Link Asset Services. This is RA10;
 - (f) the member account ID of the Link Asset Services. This is DANACG01;
 - (g) the CREST Transaction ID of the Electronic Acceptance to be withdrawn to be inserted at the beginning of the shared note field;
 - (h) the intended settlement date for the withdrawal;
 - (i) the corporate action number of the Offer allocated by Euroclear. This can be found by viewing the relevant corporate action details in CREST; and
 - (j) input with standard delivery instruction priority of 80.

9. Action to be taken

To accept the Offer in respect of Target Shares in certificated form, you must complete the accompanying Form of Acceptance and return it together with your share certificate(s) and/or other document(s) of title by post or (during normal business hours only) by hand to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and in any event so as to arrive by not later than 1.00 p.m. on 28 February 2019. If your Target Shares are in uncertificated form, you will need to accept the Offer electronically through CREST so that the TTE Instruction settles by not later than 1.00 p.m. on 28 February 2019 by following the procedure set out in paragraph 5 of this Offer Document.

If you are in any doubt about the Offer or the action that you should take, you are recommended immediately to seek your own financial advice from an independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent professional adviser.

10. Governing Law and Jurisdiction

This Offer Document or any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims), the negotiations and any legal agreements prepared in connection with the Offer will be governed by the laws of England and Wales.

The parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this Offer Document or its subject matter or formation (including non-contractual disputes or claims).

Yours faithfully

A handwritten signature in black ink, appearing to read 'P. Shea', with a horizontal line underneath it.

For and on behalf of
Daniel Stewart Securities PLC

Name: Peter Shea
Position: Chief Executive Officer

APPENDIX I

PART A: FORM OF ACCEPTANCE

1. Undertakings, representations, warranties and agreements

Each Shareholder by whom, or on whose behalf, a Form of Acceptance is executed irrevocably undertakes, represents, warrants and agrees to and with the Offeror and Link Asset Services (so as to bind him, his personal or legal representatives and his heirs, successors and assigns) to the following effect:

- 1.1 that the execution of the Form of Acceptance, whether or not any other boxes of the Form of Acceptance are completed, shall constitute:
 - (a) an acceptance of the Offer in respect of the number of Target Shares in certificated form inserted or deemed to be inserted in Box 3 of the Form of Acceptance provided that if no number is inserted in Box 3 or a number is inserted in Box 3 which is greater than the relevant Shareholder's registered holding of Target Shares in certificated form or if the Form of Acceptance is otherwise completed incorrectly but the Form of Acceptance is signed, it will be deemed to be an acceptance of the Offer in respect of the greater of:
 - (i) the relevant Shareholder's entire holding of Target Shares in certificated form as disclosed by the register of members made available to Link Asset Services prior to the time the relevant Form of Acceptance is processed by them;
 - (ii) the relevant Shareholder's entire holding of Target Shares in certificated form as disclosed by the register of members made available to Link Asset Services prior to the latest time for receipt of the Form of Acceptance which can be taken into account in determining whether the Offer is unconditional; and
 - (iii) the number of Target Shares in certificated form in respect of which certificates or an indemnity in lieu thereof is received by Link Asset Services.
 - (b) an undertaking to execute any further documents, take any further action and give any further assurances and do all such acts and things which may be required to enable the Offeror to obtain the full benefit of this Part A and/or to perfect any authorities expressed to be given hereunder or otherwise in connection with his acceptance of the Offer,

in each case on and subject to the terms and conditions set out or referred to in this Offer Document and the Form of Acceptance and that, subject only to the rights of withdrawal set out in paragraph 8 of the Offer Document, each such acceptance shall be irrevocable;

- 1.2 that he is the sole legal and beneficial owner of the Target Shares in certificated form in respect of which the Offer is accepted or deemed to be accepted or he is the legal owner of such Target Shares and he has the necessary capacity and authority to execute the Form(s) of Acceptance and to sell and transfer such Target Shares;
- 1.3 that the Target Shares in certificated form in respect of which the Offer is accepted or deemed to be accepted are sold fully paid and with full title guarantee and free from all liens, charges, encumbrances, equities, rights of pre-emption and any other third party rights or interests of whatsoever nature and together with all rights attaching to them including, without limitation, the right to receive and retain all dividends and other distributions (if any) declared, paid or made after the date of this Offer Document;
- 1.4 that the execution of the Form of Acceptance and its delivery to Link Asset Services constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to the accepting Shareholder not having validly withdrawn his acceptance, the irrevocable appointment of the Offeror and their respective directors, authorised representatives and agents as such Shareholder's attorney and/or agent (the "**attorney**") and an irrevocable instruction to the attorney:
 - (a) to complete and execute all or any form(s) of transfer and/or other document(s) at the discretion of the attorney in relation to the Target Shares in certificated form in respect of which the

Offer is accepted or deemed to be accepted in favour of the Offeror or such other person or persons as the Offeror or its agents may direct;

- (b) to deliver such form(s) of transfer and/or other document(s) at the discretion of the attorney, together with the share certificate(s) and/or other document(s) of title relating to such Target Shares, for registration within six months of the Offer becoming unconditional in all respects; and
 - (c) to execute all such other documents and do all such other acts and things as may in the opinion of the attorney be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer pursuant to the Form of Acceptance and to vest in the Offeror (or its nominee(s)) the full legal and beneficial ownership of the Target Shares in respect of which the Offer has been accepted or is deemed to have been accepted;
- 1.5 that, in relation to Target Shares in certificated form, the execution of the Form of Acceptance and its delivery to Link Asset Services constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to the accepting Target Shareholder not having validly withdrawn his acceptance, an irrevocable authority and request:
- (a) to the Target or its agents, to procure the registration of the transfer of the Target Shares in certificated form in respect of which the Offer is accepted or deemed to be accepted pursuant to the Offer and the delivery of the share certificate(s) and/or other document(s) of title in respect of such Target Shares to the Offeror or as it may direct;
 - (b) to the Offeror or its agents, subject to the Offer being declared or becoming unconditional, to procure the issue and allotment of such number of Consideration Shares on the basis of calculation as set out in this Offer Document.
- 1.6 that the execution of the Form of Acceptance and its delivery to Link Asset Services constitutes a separate authority to the Offeror, its directors and the irrevocable appointment of any such director as such Shareholder's attorney and/or agent within the terms of this Part A of this Appendix in respect of Target Shares in certificated form in respect of which the Offer is accepted or deemed to be accepted;
- 1.7 that, subject to the Offer becoming and being declared unconditional in all respects (or if the Offer would become unconditional in all respects or lapse immediately upon the outcome of the resolution in question) and pending registration:
- (a) the Offeror shall be entitled to direct the exercise of any votes attaching to any Target Shares in certificated form in respect of which the Offer has been accepted or is deemed to have been accepted (and in respect of which such acceptance has not been validly withdrawn) and any other rights and privileges attaching to such Target Shares, including the right to requisition a general meeting or separate class meeting of the Target, such votes (where relevant) to be cast, and such other rights and privileges to be exercised, so far as possible to satisfy any outstanding condition of the Offer; and
 - (b) the execution of a Form of Acceptance by an Shareholder constitutes, with regard to the Target Shares held in certificated form in respect of which the Offer has been accepted or is deemed to have been accepted and in respect of which such acceptance has not been validly withdrawn:
 - (i) an irrevocable authority and direction to the Target and/or its agents from such Shareholder to send any notice, circular, warrant or other document or communication which may be required to be sent to him as a member of the Target (including any share certificate(s) or other document(s) of title issued) to the Offeror at its registered office;
 - (ii) an irrevocable authority to the Offeror or any director of the Offeror to sign any consent to short notice of a general or separate class meeting of the Target as his attorney and/or agent and on his behalf and/or to execute a form of proxy in respect of such Target Shares appointing any person nominated by the Offeror to attend any general or separate class meeting of the Target (and any adjournment thereof) and to exercise the votes attaching to such Target Shares on his behalf, such votes (where relevant) to be cast so far as possible to satisfy any outstanding condition of the Offer; and

- (iii) the irrevocable agreement of such Target Shareholder not to exercise any of such rights without the consent of the Offeror and the irrevocable undertaking of such Target Shareholder not to appoint a proxy or representative for or to attend any such general meeting or separate class meeting;
- 1.8 that he will deliver, or procure the delivery of, to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU his share certificate(s) and/or other document(s) of title in respect of the Target Shares in certificated form in respect of which the Offer is accepted or deemed to be accepted and in respect of which he has not validly withdrawn his acceptance, or an indemnity acceptable to the Offeror in lieu thereof, as soon as possible and in any event within six months of the Offer becoming unconditional in all respects;
 - 1.9 that the terms and conditions of the Offer contained in this Offer Document shall be deemed to be incorporated in, and form part of, the Form of Acceptance, which shall be read and construed accordingly;
 - 1.10 that he shall execute all such documents, take all such action and do all such acts and things as shall be necessary or expedient to vest in the Offeror (or its nominees or such other persons as it may decide) the full legal and beneficial ownership of the Target Shares in respect of which the Offer is accepted or deemed to be accepted;
 - 1.11 that he agrees to ratify each and every act or thing which may be done or effected by the Offeror or Link Asset Services or any of their respective directors or agents or by the Target or its agents, as the case may be, in the proper exercise of any of his or its powers and/or authorities under this Offer Document;
 - 1.12 that the execution of the Form of Acceptance constitutes his submission, in relation to all matters arising out of the Offer and the Form of Acceptance, to the jurisdiction of the courts of England and his agreement that nothing shall limit the right of the Offeror to bring any action, suit or proceeding arising out of or in connection with the Offer and/or the Form of Acceptance in any other manner permitted by law or in any court of competent jurisdiction; and
 - 1.13 that the Form of Acceptance shall be deemed to be delivered on the date of its execution and shall take effect as a deed.

2. Interpretation

References in this Part A to an Shareholder shall include references to the person or persons executing a Form of Acceptance and, in the event of more than one person executing a Form of Acceptance, the provisions of this Part A shall apply to them jointly and to each of them.

PART B: ELECTRONIC ACCEPTANCES

1. Undertakings, representations, warranties and agreements

Each Shareholder by whom, or on whose behalf, an Electronic Acceptance is made irrevocably undertakes, represents, warrants and agrees to and with the Offeror and Link Asset Services (so as to bind him and his personal or legal representatives, heirs, successors and assigns) to the following effect:

- 1.1 that the Electronic Acceptance shall constitute an acceptance of the Offer in respect of the number of Target Shares in uncertificated form to which the TTE Instruction relates (for the purpose of this Part B, "**Target Shares in uncertificated form comprised in the acceptance**") on and subject to the terms and conditions set out or referred to in this Offer Document and that, subject only to the rights of withdrawal set out in paragraph 8 of the Offer Document, such acceptance shall be irrevocable;
- 1.2 that he is the sole legal and beneficial owner of the Target Shares in uncertificated form comprised in the acceptance or he is the legal owner of such Target Shares and he has the necessary capacity and authority to effect an Electronic Acceptance;
- 1.3 that the Target Shares in uncertificated form comprised in the acceptance are sold fully paid and with full title guarantee and free from all liens, charges, encumbrances, equities, rights of pre-emption and any other third party rights or interests of whatsoever nature and together with all rights attaching to them, including, without limitation, the right to receive and retain all dividends and other distributions (if any) declared, made or paid after the date of this Offer Document;
- 1.4 that:
 - (a) such Shareholder has not, directly or indirectly, received, mailed or otherwise transmitted, forwarded or sent, in whole or in part, copies or originals of this Offer Document, the Form of Acceptance or any related offering documents in, into or from a Restricted Jurisdiction and has not utilised in connection with the Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, telephone, telex, facsimile, email, the internet or other forms of electronic communication) of interstate or foreign commerce of, or any facility of a national securities exchange of, a Restricted Jurisdiction;
 - (b) such Shareholder was outside a Restricted Jurisdiction at the time of the input and settlement of the relevant TTE Instruction, that no TTE Instruction has been sent in, into or from a Restricted Jurisdiction and that such Shareholder is accepting the Offer from outside a Restricted Jurisdiction;
 - (c) in respect of the Target Shares in uncertificated form comprised in the acceptance, such Target Shareholder is not an agent or fiduciary acting on a non discretionary basis for a principal who has given any instructions with respect to the Offer from within a Restricted Jurisdiction; and
 - (d) if he is a citizen, resident or national of a jurisdiction outside the United Kingdom, such Target Shareholder has observed the laws and regulatory requirements of the relevant jurisdiction, obtained all requisite governmental, exchange control and other consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or duties or other requisite payments due in any such jurisdiction in connection with such acceptance and has not taken or omitted to take any action that will or may result in the Offeror or any other person acting in breach of any legal or regulatory requirements of any such jurisdiction in connection with the Offer or his acceptance of the Offer or his receipt of any consideration,
- 1.5 that the Electronic Acceptance constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to the accepting Shareholder not having validly withdrawn his acceptance, the irrevocable appointment of the Offeror and their respective directors, authorised representatives and agents as such Shareholder's attorney and/or agent (the "**attorney**") and an irrevocable instruction to the attorney to do all such acts and things as may in the opinion of the attorney be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer and to vest in the Offeror (or its nominee(s)) the full legal and beneficial ownership of the Target Shares in uncertificated form comprised in the acceptance;

- 1.6 that the Electronic Acceptance constitutes the irrevocable appointment of Link Asset Services as escrow agent for the purposes of the Offer:
- (a) subject to the Offer becoming unconditional in all respects in accordance with its terms and to an accepting Shareholder not having validly withdrawn his acceptance, to transfer to itself (or to such other person or persons as the Offeror or its agents may direct) by means of CREST all or any of the Target Shares in uncertificated form (but not exceeding the number of Target Shares in uncertificated form comprised in the acceptance); and
 - (b) if the Offer does not become unconditional in all respects, to give instructions to Euroclear, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 days of the lapsing of the Offer), to transfer all such Target Shares to the original available balance of the accepting Shareholder;
- 1.7 that the Electronic Acceptance constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to an accepting Shareholder not having validly withdrawn his acceptance, an irrevocable authority and request to the Offeror or its agents to procure the registration and transfer of such number of Consideration Shares to which such accepting Shareholder is entitled;
- 1.8 that the Electronic Acceptance constitutes a separate authority to the Offeror and their respective directors and the irrevocable appointment of any such director as such Shareholder's attorney and/or agent within the terms of this Part B of this Appendix in respect of the Target Shares in uncertificated form comprised in the acceptance;
- 1.9 that, subject to the Offer becoming and being declared unconditional in all respects and pending registration:
- (a) the Offeror or its agents shall be entitled to direct the exercise of any votes attaching to Target Shares in uncertificated form comprised in the acceptance (and in respect of which such acceptance has not been validly withdrawn) and any other rights and privileges attaching to such Target Shares, including the right to requisition a general meeting or separate class meeting of the Target, such votes (where relevant) to be cast, and such other rights and privileges to be exercised, so far as possible to satisfy any outstanding condition of the Offer; and
 - (b) an Electronic Acceptance by an Shareholder constitutes, with regard to the Target Shares held in uncertificated form comprised in the acceptance and in respect of which such acceptance has not been validly withdrawn:
 - (i) an irrevocable authority and direction to the Target and/or its agents from such Shareholder to send any notice, circular, warrant or other document or communication which may be required to be sent to him as a member of the Target (including any share certificate(s) or other document(s) of title issued as a result of a conversion of such Target Shares into certificated form) to the Offeror at its registered office;
 - (ii) an irrevocable authority to the Offeror or any director of the Offeror on his behalf to sign any consent to short notice of a general or separate class meeting of the Target and/or to execute a form of proxy in respect of such Target Shares appointing any person nominated by the Offeror to attend any general or separate class meeting of the Target (and any adjournment thereof) and to exercise the votes attaching to such Target Shares on his behalf, such votes (where relevant) to be cast so far as possible to satisfy any outstanding condition of the Offer; and the irrevocable agreement of such Shareholder not to exercise any of such rights without the consent of the Offeror and the irrevocable undertaking of such Shareholder not to appoint a proxy or representative for or to attend any such general meeting or separate class meeting;
- 1.10 that, if for any reason any Target Shares in respect of which a TTE Instruction has been effected in accordance with paragraph 5.2 of the Offer Document from the Offeror are converted to certificated form, he will (without prejudice to paragraph 1.9(b)(i) of this Part B) immediately deliver or procure the immediate delivery of the share certificate(s) or other document(s) of title in respect of all such Target Shares as so converted to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or to the Offeror at its registered office or as the Offeror or its agents may direct; and he shall be deemed upon conversion to undertake, represent, warrant and

agree in the terms set out in Part A of this Appendix in relation to such Target Shares without prejudice to the application of this Part B as far as the Offeror deems appropriate;

- 1.11 that he will do all such acts and things as shall be necessary or expedient to vest the Target Shares in uncertificated form comprised in the acceptance in the Offeror or its nominee(s) or such other person(s) as it may decide and all such acts and things as may be necessary or expedient to enable Link Asset Services to perform its functions as Escrow Agent for the purposes of the Offer;
- 1.12 that he agrees to ratify each and every act or thing which may be done or effected by the Offeror or Link Asset Services or any of their respective directors or agents or by the Target or its agents, as the case may be, in the exercise of any of his or its powers and/or authorities under this Offer Document;
- 1.13 that, by virtue of the Regulations, the making of an Electronic Acceptance constitutes an irrevocable power of attorney by the relevant Shareholder in the terms of all the powers and authorities expressed to be given by this Part B to the Offeror and Link Asset Services and any of their respective directors or agents.

APPENDIX II

DEFINITIONS

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

“certificated” or “in certificated form”	in relation to a share or other security, not in uncertificated form (that is, not in CREST);
“Company” or “Target”	Atlantic Carbon Group PLC;
“Consideration Shares”	new ordinary shares of £0.025 each in the capital of the Offeror to be issued and allotted to Shareholders
“CREST”	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear, in accordance with the Regulations, as amended from time to time;
“CREST manual”	the manual issued by Euroclear from time to time;
“Electronic Acceptance”	the inputting and settling of a TTE Instruction which constitutes or is deemed to constitute an acceptance of the Offer on the terms set out in this document;
“Escrow Agent”	Link Asset Services (in its capacity as an escrow agent as described in the CREST manual);
“Encumbrance”	as defined in paragraph 3.1 of the Offer Document;
“Form of Acceptance”	the form of acceptance and authority for use in connection with the Offer which may only be completed by holders of Target Shares in certificated form;
“Link Asset Services”	a trading name of Link Market Services Limited;
“Offer”	the offer made by the Offeror to acquire the entire issued and to be issued ordinary share capital of the Target not already owned by the Offeror on the terms and subject to the conditions set out in this document and, in respect of Target Shares in certificated form, the Form of Acceptance including, where the context so requires, any subsequent revision, variation, extension or renewal of such offer and includes an election available thereunder;
“Offer Document”	means this document;
“Offeror”	Daniel Stewart Securities PLC;
“Restricted Jurisdiction”	any jurisdiction where extension or acceptance of the Offer would violate the laws of that jurisdiction;
“Shareholder”	means a holder of Target Shares;
“Target Shares”	the existing unconditionally allotted or issued fully paid ordinary shares of £0.07 each in the capital of the Target and any further such shares which are unconditionally allotted or issued before the date on which the Offer closes;
“TTE Instruction”	a transfer from escrow instruction (as defined in the CREST manual);
“TTE Instruction”	a transfer to escrow instruction (as defined in the CREST manual);
“uncertificated” or “in uncertificated form”	in relation to a share or other security, recorded on the relevant register in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST;

