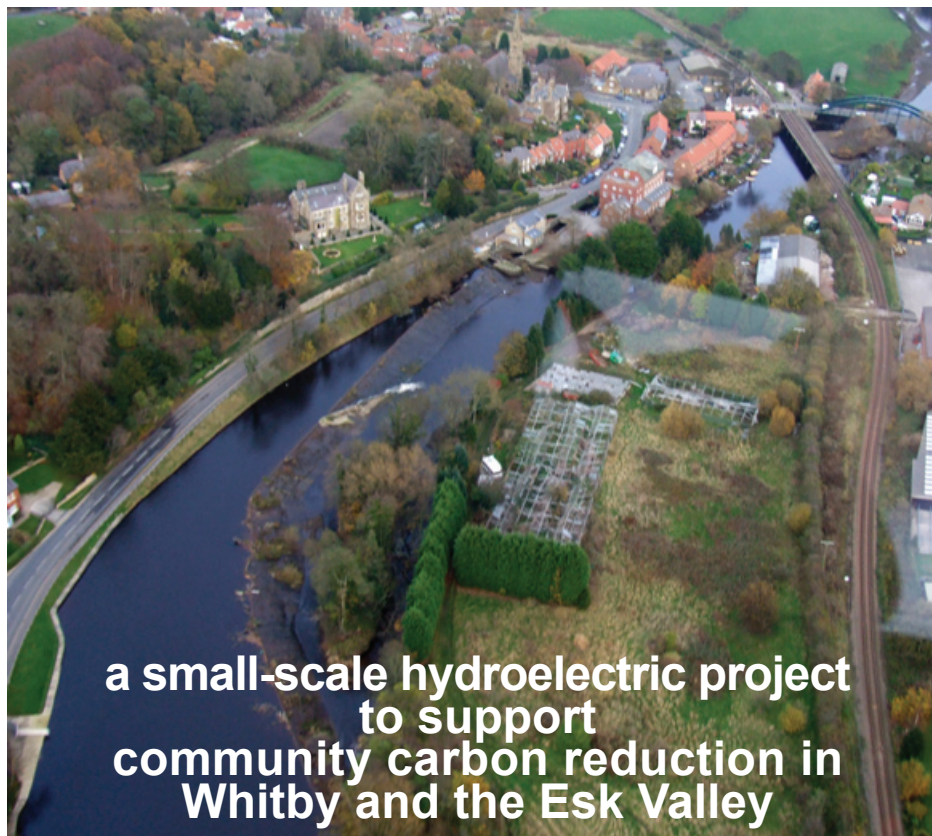


Esk Energy (Yorkshire) Limited

Invitation to Invest



Rev A December 2011



www.WhitbyEskEnergy.org.uk



The offer

This document details and contains an invitation to invest in shares in Esk Energy (Yorkshire) Limited hereafter referred to as “Esk Energy”.

Esk Energy was established in 2008 by Esk Valley residents to fund Whitby Esk Energy: a small-scale hydroelectric project to support community carbon reduction in the Esk Valley.

The funds raised by the share issue will be used to install a 50kw hydro electric turbine, using an Archimedes screw, on the River Esk at Ruswarp, near Whitby.

Now is your chance to act to offset your carbon emissions and help promote renewable energy. You can buy shares in this exciting project for as little as £250 (the minimum amount under this share offer) up to a maximum of £20,000. Whilst interest will be payable (once the project is established) investing in Esk Energy should be seen as a social investment, not a financial investment. You will not be able to withdraw your money in the first five years, from that point shares can be withdrawn subject to the Directors' approval and six months notice.

The aims of the Ruswarp Hydro installation are twofold:

1. To produce 'green' energy thereby reducing carbon emissions.
2. To produce a regular income to finance continuing carbon reducing projects.

Examples of how Esk Energy will use any surplus money generated by Whitby Esk Energy:

- Developing and operating a grant system towards the installation of solar, wind and water energy generating systems in the valley.
- Promoting green energy educational programmes.
- Pioneering green energy apprenticeships.

All permissions and finance are in place and the group are now proceeding with the project. However, the more share applications that are received the better as the loans can be reduced leading to more income for other projects.

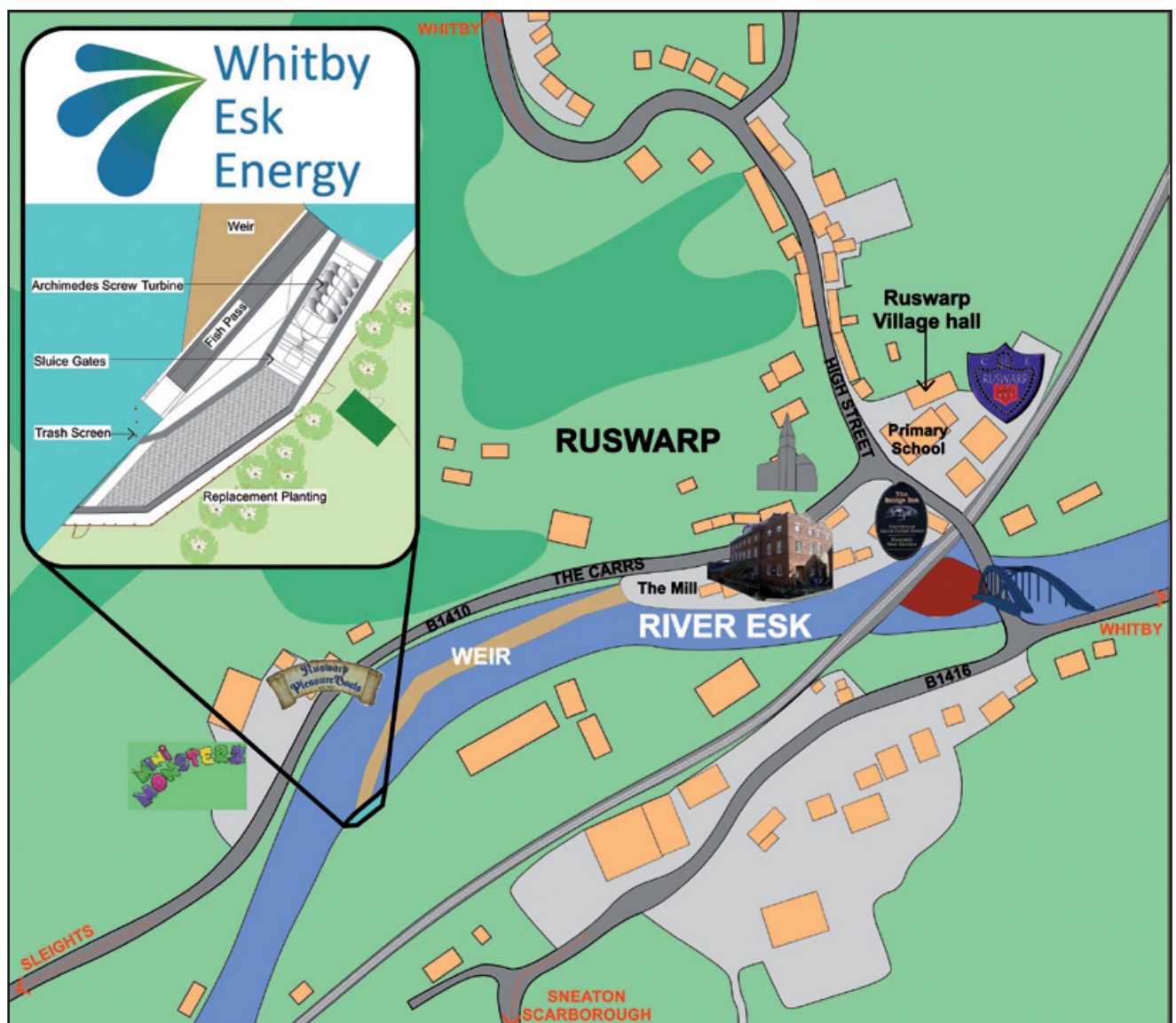
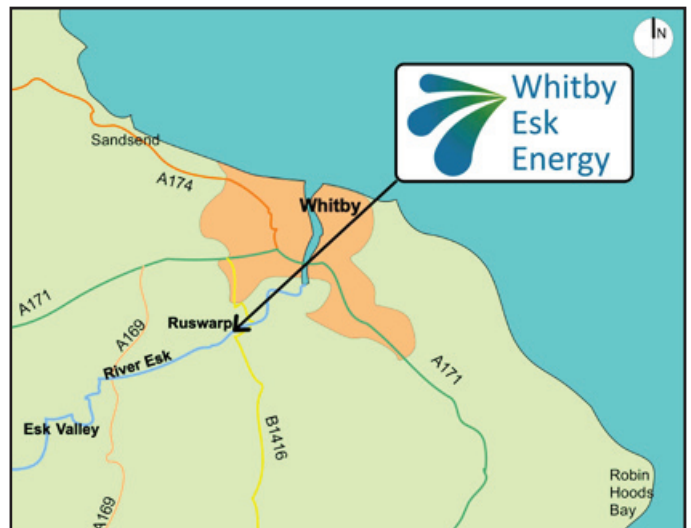
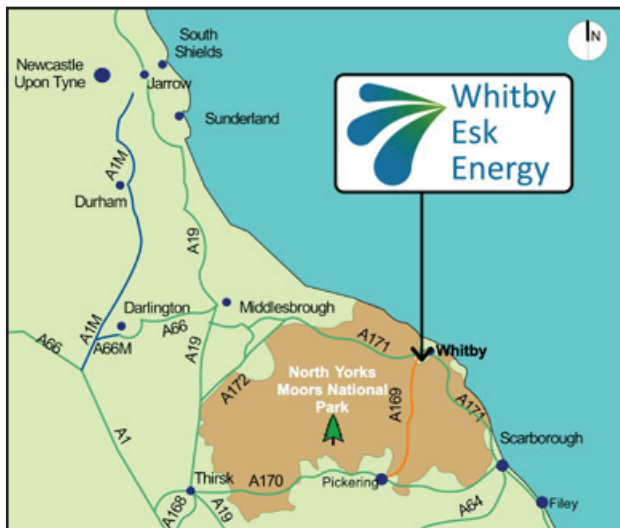
This is where you come in.

Remember, investing in Esk Energy should be seen as a social investment, not a financial investment. This document is important and requires your detailed attention. If you require any advice you should consult with an independent financial adviser authorised under the Financial Services Act 1986.

For further information visit www.WhitbyEskEnergy.org.uk

Or contact Colin Mather on tel. 01287 669641.

Location of Ruswarp weir

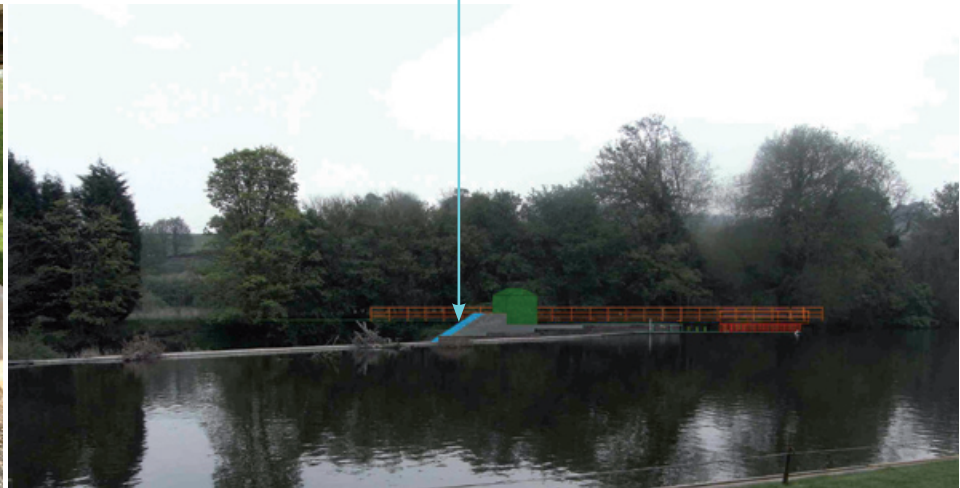


The turbine

The energy will be produced at Ruswarp weir by the installation of an Archimedes screw, driving an electric generator with a 50kw capacity.



An example of an Archimedes screw at JCB Academy in Rocester (photo credit)



Photomontage of the proposal

An independent study of flows at the site estimated that approximately 190,000 kilowatt hours of electricity will be produced, equivalent to the electricity needs of about 55 houses, reducing carbon emissions by about 80 tonnes per year and with a value of £45,000 per year, indexed linked.

Current status

- Planning permission from the North York Moors National Park Authority has been approved.
- Water abstraction licence and flood defence approval have been approved by the Environment Agency.
- The National Park in support of the project will install a state of the art fish pass alongside the turbine which will enhance the River Esk as an important salmon and sea trout river.
- The Environment Agency has started a programme of monitoring movements of migratory fish over the weir.
- Sufficient capital has been raised to order the equipment in December 2011 and to have the works completed by July 2012.

Why we need your investment

On the 3rd November 2011, the Directors of Esk Energy agreed that sufficient funding was in place from shares, grants and loans to proceed to the next phase of the project. The Directors also decided to continue accepting applications for shares. The more shares that are owned the sooner the loans can be repaid, which will mean more income for further community projects and share holders.

Further information about the finances can be obtained on the website www.whitbyeskenergy.org.uk or by phoning 01287 669641.

Governance and Board of Directors of Esk Energy

Esk Energy is an Industrial and Provident Society for the benefit of the community, owned by its members on a one person / one vote basis. It was registered in August 2008 and has a set of rules approved by the Financial Services Authority available on the website www.WhitbyEskEnergy.org.uk

The Board of Directors ('the Directors') is elected by the membership at the Annual General Meeting. The Directors do not receive any remuneration for their work as Directors other than reimbursement of expenses incurred. Their meetings and decisions are carried out in accordance with the rules of the Society. Information about the Directors is available on the website or on request.

Every purchaser of shares becomes a member of Esk Energy.

What happens to your money

Each share in Esk Energy has a nominal value of £1. The minimum shareholding for an individual is £250 and the maximum (set by law) is £20,000.

As noted above each member, no matter how many shares they hold, has one vote.

Risk

There is always the risk that you could lose some or all of your share capital.

A detailed risk assessment has been undertaken, details of which are available on the website or on request.

Terms and Conditions for applying for shares

Your application

You cannot withdraw your application for shares after we receive your application form.

The Directors do not have to accept your application for shares. They may decide not to issue shares to you or may allocate you fewer shares than you applied for. They do not have to give any reason for their decision.

Your application will be considered for approval at the first convenient Directors meeting and therefore you should not expect an immediate response.

Your payment

The Directors will acknowledge receipt of your cheque/BACS payment and application within 14 days. They may cash your cheque as soon as it is received. Esk Energy will hold your money on trust for you until the Directors consider your application.

If the Directors decide not to issue you shares, your money will be returned within 28 days of the Board of Directors meeting. If they decide to issue fewer shares to you than you applied for, they will return the balance to you (within twenty eight days of that Board of Directors meeting).

The money will belong to Esk Energy as soon as Esk Energy issues shares to you (to the extent that they take it as payment for shares).

Esk Energy will not pay you interest on any money it returns to you.

Can I get my money back and does it earn interest?

Investing in Esk Energy should be seen more as a social rather than a financial investment. Esk Energy does not guarantee a safe haven for your money.

Esk Energy is permitted to pay interest on your shares. By law we cannot offer a generous interest rate and we are unlikely to pay more than a nominal interest to our shareholders for several years and may pay no interest at all.

Interest to members will only be paid in accordance with Esk Energy's aims to be of benefit to the community and has a limit in law. Based on the above assumptions about the likely pre-tax profits, the Directors expect to be able to pay an annual interest on share capital from year 3, and the target from year 6 will be 5%. Interest will be paid gross.

The planned financial return is not high nor is it directly linked to the surplus that Esk Energy generates. The actual rate will be at the Directors' discretion. After payment of members' interest, the remainder of the surplus will be used to further the aims of Esk Energy.

In order to minimise administration costs the Directors have the right to defer payment of interest on an individual shareholder basis until the accrued value reaches a threshold amount.

The shares are not transferable (they cannot be sold to other people) and cannot be withdrawn for at least 5 years. From that point, shares can be withdrawn, subject to the Directors approval and six months notice. The Directors have the right to change the notice period for withdrawals, or to suspend withdrawals.

Shares in this Industrial and Provident Society cannot be sold or traded and there is no prospect of them ever being worth more than their nominal value.

In the event of Esk Energy ceasing to trade, shareholders will be re-paid up to a maximum of £1 for every £1 share owned, once all creditors have been repaid in full.

Purchase of shares provides membership of Esk Energy.

The purchase of shares should be seen as a social investment to support the aims of Esk Energy and not an investment for personal gain or profit.

Membership is not suitable for anyone who needs income from investments or immediate access to their capital.

Although the Directors will implement prudent management policies, there is always the risk that you could lose some or all of your share capital.

Esk Energy is run by a team of local people, many with professional qualifications and all with useful experience, including in engineering, farming, architecture, planning, business, law and accounting.

Data protection

By completing the application for membership you consent to Esk Energy and our contractors and agents holding personal data about you in accordance with the Data Protection Act 1998. We do not sell shares or exchange mailing lists.

Important notice on money laundering

It is a term of this offer that, to ensure compliance with the Money Laundering Regulations 2003, and the Proceeds of Crime Act 2002 and such similar legislation, you must have the authority to sign the application form. You will also supply us with proof of identity and address if asked.

Governing law and investor protection

Esk Energy (Yorkshire) Limited has been formed under Financial Services Authority regulation and supervision as an Industrial and Provident Society set up by members to re-distribute the net earnings from the project back into the local community.

Esk Energy (Yorkshire) Limited is not an authorised institution under the Banking Act 1987 and does not accept deposits. This means there is no share deposit protection scheme for investors.

Esk Energy (Yorkshire) Limited is an exempt person from the regulated activity of deposit taking by its issue of shares pursuant to Paragraph 24 of the Schedule to the Financial Services and Markets Act 2000 ("FSMA") Exemption (Order 2001).

The shares are not a specified investment for the purposes of Section 22 of FSMA (What is a Regulated Activity) pursuant to Paragraph 76 of FSMA (Regulated Activities) Order 2001.

The issue of withdrawable shares, which are not transferable, exempts this document from the requirements of an approved prospectus required by Section 85(1) of FSMA.

An investment in the withdrawable and non-transferable shares of an Industrial and Provident Society is not treated as a controlled investment for the purposes of Section 21 of FSMA (The Financial Promotion Prohibition) pursuant to Paragraph 14(3) of Schedule 1 of the FSMA (Financial Promotion) Order 2005.

Esk Energy (Yorkshire) Limited has taken all reasonable care to ensure that every statement of fact or opinion included in this information document is true and not misleading.

Any individual British Citizen and resident of the UK aged 16 or over and any organisation may apply to become a member of Esk Energy (Yorkshire) Limited, and may invest in Esk Energy by applying to buy shares.

Applications for shares must be made on the application form, and must be accompanied by a cheque in payment or confirmation of BACS payment .

Acceptance of your application will be notified by issue of a Share Statement, which will be posted as soon as possible.

The Board of Directors reserve the right to reject any applicant in whole or in part, in which case the application monies will be returned by cheque through the post at the applicant's risk.

Registered office of Esk Energy (Yorkshire) Limited: c/o 'Heatherley', Dikes Lane, Great Ayton, North Yorkshire, TS9 6HG

Esk Energy (Yorkshire) Limited – Share Issue 2011

Application Form

Name of applicant

Contact name (where applicant is not an individual)

Address

Postcode

Telephone

Email

(We would prefer to communicate by email where possible.)

I wish to apply for shares of Esk Energy (Yorkshire) Limited.

I understand that purchase of shares provides membership of Esk Energy and

I agree to be bound by the Rules of Esk Energy.

I have read, accepted and understand the Terms and Conditions set out in this offer and I am aware of the risks involved in investing in Esk Energy. I consent to you holding information in accordance with the Data Protection Act 1998.

I apply for

£250 (min)	£500	£1,000	£2,000	Other	£20,000 (max)

of shares at a value of £1 each,

and enclose payment for that amount (cheques payable to Esk Energy (Yorkshire) Limited) ☐

or please send me details of how to make a BACS payment ☐

Signed

Date

Print name

Position in organisation (if applicable)

To help us with further marketing of the share issue, how did you hear about the share issue, e.g. friends, Whitby Esk Energy event, local press, national press, Twitter, Facebook.

For further information visit www.WhitbyEskEnergy.org.uk
or contact Colin Mather on tel. 01287 669641

Please return this form to: Esk Energy (Yorkshire) Limited, c/o 'Heatherley', Dikes Lane, Great Ayton, North Yorkshire, TS9 6HG

Applicants and members should be aware that share capital in an Industrial and Provident Society is risk capital and there is a possibility of loss. This investment is not suitable for those who require income or ready access to their capital. Investors are not covered by any depositor protection scheme.