

**THIS DOCUMENT AND THE ENCLOSED FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek advice from your own stockbroker, bank manager, solicitor, accountant or other financial adviser authorised pursuant to the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.**

If you have sold or otherwise transferred all of your shares in Pursuit Dynamics PLC, please send this document and the accompanying form of proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

**Application will be made to the London Stock Exchange plc for the Placing Shares to be admitted to trading on AIM. It is expected that Admission of the Placing Shares will become effective and that dealings will commence on 15 February 2007. The Placing Shares will, on Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions declared, made or paid in respect of the existing Ordinary Shares after Admission.**

THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE NOTICE OF EXTRAORDINARY GENERAL MEETING OF THE COMPANY SET OUT AT THE END OF THIS DOCUMENT.

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## **PURSUIT DYNAMICS PLC**

*(a company incorporated in England and Wales and registered with number 4175777)*

### **Proposed Placing of 6,955,000 New Ordinary Shares at 115 pence per Share**

by

### **CENKOS SECURITIES PLC**

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

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Your attention is drawn to the letter from the Chairman of Pursuit Dynamics which is set out on page 3 of this document and which contains, amongst other matters, your Board's recommendations to vote in favour of the Resolution to be proposed at the Extraordinary General Meeting referred to below.

Notice of an Extraordinary General Meeting of the Company to be held at 11.00 a.m., on 14 February 2007 at the offices of Eversheds LLP, Senator House, 85 Queen Victoria Street, London EC4V 4JL, is set out at the end of this document. Shareholders are requested to return the enclosed form of proxy, which to be valid must be completed and returned in accordance with the instructions printed thereon so as to be received as soon as possible by the Company's registrar, Computershare Investor Services Plc, PO Box 1075, The Pavilions, Bridgwater Road, Bristol, BS99 3FA but in any event so as to be received by Computershare not less than 48 hours before the time appointed for the meeting, being 11.00 a.m., on 12 February 2007. Completion and return of a form of proxy will not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting should they so wish.

Cenkos Securities is the nominated adviser and broker to the Company for the purposes of the AIM rules. Cenkos Securities, which is regulated by the Financial Services Authority, is acting for the Company and no one else in connection with the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Cenkos Securities or for providing advice in relation to the Placing.

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, purchase or subscribe for any securities. This document has not been examined or approved by the Financial Services Authority or the London Stock Exchange Plc or any other regulatory authority.

Copies of this document are available free of charge until 22 February 2007 at the offices of Cenkos Securities at 6.7.8 Tokenhouse Yard, London EC2R 7AS during usual business hours on any weekday (public holidays excepted).

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2007

Publication of this document and posting to Shareholders	22 January
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 12 February
Time and date of Extraordinary General Meeting	11.00 a.m. on 14 February
Admission effective and dealings in the Placing Shares to commence on AIM	8.00 a.m. on 15 February
CREST accounts credited with Placing Shares in uncertificated form	15 February

## PLACING STATISTICS

Placing Price	115 pence
Number of Ordinary Shares in issue at the date of this document	50,854,452
Number of Placing Shares being conditionally placed	6,955,000
Number of Ordinary Shares in issue immediately following completion of the Placing	57,809,452
Placing Shares as a percentage of the enlarged issued Ordinary Share capital	12.0%
Estimated total proceeds of the Placing	£8.0 million
Estimated net proceeds of the Placing receivable by the Company	£7.6 million

## DEFINITIONS

<b>Admission</b>	admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM rules, as published by the London Stock Exchange plc
<b>AIM</b>	AIM, a market operated by the London Stock Exchange plc
<b>Board or Directors</b>	the existing directors of the Company at the date of this document whose names are set out on page 4 of this document
<b>Cenkos Securities</b>	Cenkos Securities plc
<b>EGM or Extraordinary General Meeting</b>	the extraordinary general meeting of the Company convened for 11.00 a.m. on 14 February 2007 and any adjournment thereof, notice of which is set out at the end of this document
<b>Ordinary Shares</b>	ordinary shares of 1 penny each in the capital of the Company
<b>Placing</b>	the conditional placing by Cenkos Securities of the Placing Shares on behalf of the Company at the Placing Price on the terms of the Placing Agreement
<b>Placing Agreement</b>	the agreement dated 22 January 2007 entered into between Pursuit Dynamics and Cenkos Securities in relation to the Placing which contains terms and conditions typical for an agreement of its type
<b>Placing Price</b>	115 pence per Ordinary Share
<b>Placing Shares</b>	the 6,955,000 new Ordinary Shares to be issued pursuant to the Placing
<b>Pursuit Dynamics or the Company</b>	Pursuit Dynamics PLC
<b>Resolution</b>	the resolution set out in the notice of the EGM
<b>Shareholders</b>	holders of Ordinary Shares

# PURSUIT DYNAMICS PLC

(a company incorporated in England and Wales and registered with number 4175777)

Andrew Quinn *Chairman*  
John Heathcote *Chief Executive*  
Rooney Anand *Non-executive Director*  
Gary Pyle *Non-executive Director & Company Secretary*  
Brian Sweeney *Non-executive Director*

Shackleton House  
Kingfisher Way  
Hinchingsbrooke Business Park  
Huntingdon  
Cambridgeshire PE29 6HB

22 January 2007

*To Shareholders and, for information only, to the holders of options over Ordinary Shares*

Dear Shareholder

## **Proposed placing of 6,955,000 new Ordinary Shares at 115p per share and notice of EGM**

Today, the Board of Pursuit Dynamics announced a proposed placing of 6,955,000 new Ordinary Shares at 115p per share to raise approximately £8.0 million (approximately £7.6 million net of expenses) to fund the continued development of the Company.

In Pursuit Dynamics's preliminary announcement of results for the year ended 30 September 2006 we explained that we now have one application of our technology (food and beverage) demonstrating its commercial viability with a further three (brewing, fire suppression and decontamination) near commercialisation with promising programmes underway to develop other applications.

Current trading continues to be in line with expectations and the Directors consider that the Company has sufficient cash resources to allow it to begin to generate positive cash flows during the current financial year. However, the Directors consider that the additional funds generated by the Placing will strengthen considerably the Company's balance sheet and enhance its position with customers, many of which are substantial, multinational businesses or government agencies. It will also enable the Company to progress its programmes for commercialisation of its technology more rapidly. The Placing will also enable the Company to meet demand from institutional investors wishing to invest in the Company and will broaden its shareholder base.

Pursuit Dynamics has entered into the Placing Agreement with Cenkos Securities, pursuant to which Cenkos Securities has, on behalf of Pursuit Dynamics, conditionally placed the Placing Shares with institutional investors at the Placing Price.

As the number of Placing Shares exceeds the number of Ordinary Shares which can be allotted, free from statutory pre-emption rights, under the existing authority from Shareholders passed at the previous annual general meeting of the Company, an EGM of the Company is required to disapply statutory pre-emption rights in relation to the allotment of the Placing Shares. The EGM will be held at 11.00 a.m. on 14 February 2007 at the offices of Eversheds LLP, Senator House, 85 Queen Victoria Street, London EC4V 4JL to consider and, if thought fit, pass the Resolution. A notice convening the EGM is set out at the end of this document.

A form of proxy for use by Shareholders at the EGM is enclosed. Whether or not you propose to attend the EGM, you are requested to complete and sign the form of proxy in accordance with the instructions printed thereon and return it to the Company's registrar, Computershare Investor Services Plc, PO Box 1075, The Pavilions, Bridgwater Road, Bristol, BS99 3FA as soon as possible and in any event so as to be received by no later than 11.00 a.m. on 12 February 2007. The completion and return of the form of proxy will not preclude you from attending the EGM and voting in person should you wish to do so.

The Directors consider that the Placing is in the best interests of Shareholders as a whole. Accordingly, they recommend you that you vote in favour of the Resolution to be proposed at the EGM as they intend to do in respect of their own beneficial holdings of 13,455,600 Ordinary Shares in aggregate representing approximately 26.46 per cent. of the issued ordinary share capital of the Company.

Yours faithfully

**Andrew Quinn**  
*Chairman*

# PURSUIT DYNAMICS PLC

*(a company incorporated in England and Wales and registered with number 4175777)*

## NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Pursuit Dynamics plc (the "Company") will be held at 11.00 a.m. on 14 February 2007 at the offices of Eversheds LLP, Senator House, 85 Queen Victoria Street, London EC4V 4JL for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution:

### SPECIAL RESOLUTION

THAT:

The Directors be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 (the "Companies Act") to allot equity securities (as defined in section 94(2) of the Companies Act) of the Company for cash pursuant to the general authority conferred on the Directors pursuant to the resolution empowering the Directors to allot relevant securities (as defined in section 80 of the Companies Act) passed at the Company's Annual General Meeting held on 27 January 2006 as if section 89(1) of the Companies Act did not apply to such allotment, provided that this power shall be limited to the allotment of the Placing Shares pursuant to the Placing (each such capitalised term as defined in the circular to shareholders of the Company of which this notice forms part), and such power shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (unless and to the extent that such authority is validly revoked or extended prior to such date) except that the Company may before the expiry of such period make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such period and the Directors may allot relevant securities pursuant to such an offer or agreement as if the authority conferred by this resolution had not expired.

22 January 2007

Registered Office:

Shackleton House  
Kingfisher Way  
Hinchingsbrooke Business Park  
Huntingdon, Cambridgeshire PE29 6HB

By Order of the Board

Gary Pyle FCA  
*Director and Company Secretary*

Notes:

1. A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not also be a member of the Company.
2. A form of proxy is enclosed which, to be effective, must be completed and lodged with the Company's registrars not later than 48 hours before the time fixed for the meeting (or any adjournment of such meeting). Completion and return of a form of proxy does not preclude a member from attending and voting in person at the meeting or any adjournment of the meeting.
3. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders registered in the register of members of the Company as at 6 p.m. on 11 February 2007 or, in the event that the meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting shall be entitled to attend or vote at the general meeting in respect of the number of shares registered in their name at the time. Changes to entries on the register of members after such time shall be disregarded in determining the rights of any person to attend and/or vote at the meeting.
4. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.