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If you have sold or transferred all of your Ordinary Shares in Tanfield Group plc please send this document and the accompanying Form of Proxy as soon as possible to the purchaser or transferee or to the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

TANFIELD GROUP PLC

(Incorporated in England and Wales, Number 4061965)

Extraordinary General Meeting

Authority to allot Ordinary Shares

Proposed Fundraising

Acquisition of Snorkel Holdings LLC

Notice of an Extraordinary General Meeting of the Company, to be held at Vigo Centre, Birtley Road, Washington, Tyne and Wear, NE38 9DA at 10.30 a.m. on 23 July 2007 is set out at the end of this document. The accompanying Form of Proxy for use at the meeting must be completed and returned to the Company's Registrars, Capita Registrars, Proxy Department, PO Box 25, Beckenham, Kent BR3 4BR to be received as soon as possible and, to be valid, not later than 10.30 a.m. on 21 July 2007. Completion of a Form of Proxy will not preclude a shareholder from attending and voting at the Extraordinary General Meeting in person.

Letter from the Chairman

Tanfield Group plc (Incorporated in England and Wales, No.4061965)

Directors:

Roy Stanley
Darren Kell
Charles Brooks
Brendan Campbell
John Bridge
Martin Groak
Colin Billiet

Chairman
Chief Executive
Finance Director
Operations Director
Non-executive Director
Non-executive Director
Non-executive Director

Registered Office:

Vigo Centre
Birtley Road
Washington
Tyne and Wear
NE38 9DA

28 June 2007

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

Dear Shareholder,

Extraordinary General Meeting Authority to allot Ordinary Shares Proposed fundraising Acquisition of Snorkel Holdings LLC

Introduction

It was announced today that the Company has entered into a conditional agreement to acquire Snorkel Holdings LLC and a conditional placing agreement to raise £115 million (before expenses) through an institutional placing of new Ordinary Shares at 163p per share by Cenkos Securities, the Company's Nominated Adviser and Joint Broker and St Helen's Capital plc, the Company's Joint Broker.

The purpose of this document is to explain why the Directors consider both the Acquisition and the Placing to be in the best interests of the Company and its shareholders as a whole and recommend that you vote in favour of the special resolution to be proposed at the Extraordinary General Meeting which is being convened for 10.30 a.m. on 23 July 2007 by the notice at the end of this document.

It should be noted that the Placing is subject to the terms of the Placing Agreement and is conditional upon, *inter alia*, the passing of the special resolution at the Extraordinary General Meeting and the Placing Agreement otherwise becoming unconditional in all respects and not being terminated in accordance with its terms. Both the Acquisition and the Placing are subject to Admission.

The Directors will utilise the net proceeds of the Placing to fund the cash portion of the consideration for the Acquisition as well as to provide Snorkel with additional working capital which the Directors expect will expedite growth and improve margins through more efficient purchasing. In addition, the placing proceeds will be used to pay down approximately \$25million (£12.5 million) of debt in the Snorkel Group and will leave the Enlarged Group debt free. The Directors also intend to use a proportion of the proceeds to provide additional working capital to establish Smith Electric Vehicles in the USA which the Directors anticipate will put the Company into a position to capitalise on the current opportunities available for zero emission commercial vehicles in North America.

The Directors believe that the Acquisition will allow the combined businesses of Snorkel and the Company's existing subsidiary, UpRight, to compete effectively with the industry leaders in nearly all product categories and, at the same time, provide the Enlarged Group with a global sales footprint and more efficient supply chain.

The Acquisition

The Company has conditionally agreed to acquire the entire share capital of Snorkel for US\$100.0 million (£50.0 million) and will assume approximately US\$25.0 million (£12.5 million) of debt. The Acquisition is to be satisfied as to US\$95.0 million (£47.5 million) in cash, which is to be funded from the Placing and is described in further detail below. In addition, the Acquisition is to be satisfied as to US\$5 million (£2.5 million) by granting to the Sellers the right to receive the Consideration Shares on the first or second anniversary of completion of the Acquisition. The number of Consideration Shares to be issued by the Company may be reduced by the amount of any claims made by the Company against the Sellers under the representations, warranties and indemnities given by the Sellers in the Acquisition Agreement.

US\$5 million (£2.5 million) of the cash consideration will be paid into an escrow account so as to be available to meet any claims made by the Company against the Sellers under the representations, warranties and indemnities given by the Sellers in the Acquisition Agreement.

Snorkel is a worldwide supplier of high quality industrial aerial equipment including self-propelled booms, articulated and telescopic booms, aerial lifts and self-propelled scissorlifts. The products are designed for use on a wide range of surfaces and are supported by service, parts and training teams.

The Directors believe the geographic fit between Snorkel and the Company to be complimentary. Snorkel has a significant sales presence in North America, Australia and New Zealand, whereas the Company's subsidiary, UpRight, has a distribution network concentrated in Western and Eastern Europe, Russia and the Baltics, the Middle East and the Asia-Pacific region. In summary, the Directors believe that the Enlarged Group will have a strong distribution and sales presence in North and South America, Australasia, Europe, the Middle East and the Asia-Pacific region and will have manufacturing capabilities in Europe, the USA and Australasia. The Directors expect the Enlarged Group to benefit from global supply chain efficiencies.

In addition, the Directors believe Snorkel's product range, which is focussed on medium to large articulated and telescopic booms, to be an excellent complementary fit with the Company's existing UpRight product suite, which has a particularly strong small to medium sized lift offering. There is little product overlap and the Directors expect the Enlarged Group to benefit from cross-selling opportunities, with a comprehensive product portfolio enabling it to meet customers' requirements.

For the year ended 31 December 2006, Snorkel had turnover of US\$131.49 million (£65.75 million) and achieved profit before tax of US\$9.65 million (£4.83 million); net assets at 31 December 2006 were US\$17.59 million (£8.80 million). The Directors expect the Acquisition to be marginally earnings enhancing for the Company in the financial year ending 31 December 2007 and significantly enhancing thereafter.

Completion of the Acquisition is subject to a number of conditions, including, *inter alia*, the passing of resolution 2 set out in the Notice of Extraordinary General Meeting and completion of the Placing in accordance with the terms of the Placing Agreement and Admission. In addition, the Company has reserved the right to terminate the Agreement in the event that there is a material breach of warranty or condition before Admission. The Acquisition is also conditional on clearances being obtained from, or any waiting period having expired without challenge by the United States antitrust enforcement agencies under the United States Hart-Scott-Rodino Improvements Act of 1976. The principal agreement for the Acquisition is governed by the laws of the State of Kansas.

Smith Electric Vehicles USA

The higher function zero emission vehicles produced by Smith Electric Vehicles are receiving significant interest from major fleet operators based in North America. Some of the Placing proceeds will be used to provide working capital to establish manufacturing capabilities in the USA for Smith Electric Vehicles' product portfolio and the Directors expect the launch of a US version of the Smith Edison van and the Smith Newton truck in early 2008. The Directors believe that the US market represents a significant opportunity for Smith Electric Vehicles and one that requires investment in assembly facilities as well as wider infrastructure to support vehicles in the field.

The Directors intend to leverage Tanfield's existing UpRight distribution network in Europe, the Middle East and Asia-Pacific, along with the existing Snorkel support infrastructure in Australasia and the USA, to provide global service and maintenance for Smith products.

The Placing

The Placing will raise £115million (before expenses) for the Company. In the interests of keeping the issue costs to a minimum, the Directors have concluded that a limited marketing exercise, without pre-emption for existing shareholders, is preferable to offering shares on a pre-emptive basis to existing shareholders. Accordingly the Directors have decided that it would be in the Company's and shareholders' best interests for the funds to be raised through the Placing.

The Placing is subject to the terms of the Placing Agreement between Cenkos Securities, the Company and the Directors which contains, *inter alia*, warranties and indemnities in favour of Cenkos Securities in relation to the Group and any information made available to investors relating to the Placing.

The Placing Shares will, when issued, rank *pari passu* in all respects with the existing Ordinary Shares, including the rights to all dividends and other distributions declared, made or paid following Admission. Application will be made for the Placing Shares to be admitted to AIM.

Following strong appetite from institutional investors for the Placing, Roy Stanley, Darren Kell and Brendan Campbell have, conditional upon completion of the Acquisition, agreed to exercise options over 3,500,000, 2,972,000 and 300,000 Ordinary Shares respectively and to sell 8,500,000, 2,972,000 and 300,000 Ordinary Shares respectively at the Placing Price. Following these sales, Roy Stanley, and Brendan Campbell will hold 19,649,292 and 6,119 Ordinary Shares respectively, representing 6.71 per cent. and 0.002 per cent. of the Company's issued share capital as enlarged by the Placing. In addition, following the sales, Roy Stanley, Darren Kell and Brendan Campbell will hold options over 4,500,000, 6,556,671 and 1,950,000 Ordinary Shares respectively with Darren Kell holding a further option to acquire 3,052,170 Ordinary Shares currently held by Roy Stanley.

Authorities to allot new Ordinary Shares

Shareholders are being asked, at the Extraordinary General Meeting referred to below, to give the Directors authority to allot 70,552,148 new Ordinary Shares in the Placing and the Consideration Shares.

Share capital

The authorised and issued share capital of the Company at the date of this document is as follows:

Ordinary Shares

<i>Authorised</i>		<i>Issued and fully paid</i>	
£	<i>Number</i>	£	<i>Number</i>
4,000,000	400,000,000	2,929,619.41	292,961,941

Following Admission, the authorised and issued share capital of the Company will be:

<i>Authorised</i>		<i>Issued and fully paid</i>	
£	<i>Number</i>	£	<i>Number</i>
5,000,000	500,000,000	3,702,860.89	370,286,089

The Consideration Shares will not be issued until the first or second anniversary of Admission.

Current trading and prospects

Smith Electric Vehicles continues to make good progress with major fleet operators for its higher function commercial electric vehicles and recently won its first contract from the Royal Mail, which has ordered both the Edison and Newton higher function delivery vehicles, for trials. The vehicles will be deployed in parcel and post distribution operations in London.

In line with a growing order book and increased interest in both Newton and Edison, Tanfield is installing extra electric vehicle production capacity at Vigo Centre, its 250,000sq ft assembly facility in Tyne & Wear, UK.

Tanfield's Powered Access division, led by UpRight Powered Access, continues to demonstrate significant growth. The re-launch of the AB46 articulated boom lift was well received at two major construction equipment exhibitions; international show Bauma and UK exhibition SED 2007 and the Company has received orders for over two hundred AB46 machines to date.

Installation of the third crane line at Vigo Centre is nearing completion and will further increase production output, which presently stands at an average rate of over 130 machines per week.

UpRight is making strong progress in the USA. During May 2007, the facility in Fresno, California built 150 machines, well in excess of its target of 20 units per week. UpRight has also won an order from a major US end user for 80 machines, to the value of US\$800,000 (£400,000).

The proposed Acquisition will, the Directors believe, bring significant benefits to the Group and the Directors continue to view the future with confidence.

Extraordinary General Meeting

In order that the Company is able to implement the issue of the Placing Shares it will be necessary for the Company to increase its authorised share capital, authorise the Directors to allot relevant securities under section 80 of the Companies Act 1985 and dis-apply statutory pre-emption rights which arise under the provisions of section 89 of that Act. The authorised share capital is being increased so as to create flexibility for future issues, although the Directors would need the authority of shareholders to allot further Ordinary Shares.

Accordingly, there is set out at the end of this document a notice convening an Extraordinary General Meeting of the Company to be held at the registered office of the Company at 10.30 a.m. on 23 July 2007. At the Extraordinary General Meeting a special resolution will be proposed to increase the authorised share capital and authorise the Directors to allot the Placing Shares and the Consideration Shares without reference to statutory pre-emption rights. The authorities proposed to be conferred pursuant to the special resolution do not affect the authorities granted to the directors to allot new Ordinary Shares at the Annual General Meeting of the Company held on 15 November 2006.

At the Extraordinary General Meeting ordinary resolutions will be proposed to elect Mr. C Billiet as a director of the Company as he was appointed by the Board and, pursuant to the Company's Articles of Association, he is required to stand for election at the next general meeting of the Company following his appointment.

Action to be taken

A form of proxy for use at the Extraordinary General Meeting is enclosed. **Whether or not you intend to be present at the meeting, you are requested to complete the form of proxy in accordance with the instructions therein and return it to the Company's Registrars, Capita Registrars, Proxy Department, PO Box 25, Beckenham, Kent, BR3 4BR as soon as possible and in any event so that it is received no later than 10.30 a.m. on 23 July 2007.** The completion and return of the form of proxy will not preclude you from attending the Extraordinary General Meeting and voting in person if you so wish.

Copies of this document available for inspection

Copies of this document will be available free of charge to the public during normal business hours on any weekday (except public holidays) from the offices of Cenkos Securities plc, 6.7.8 Tokenhouse Yard, London, EC2R 7AS from today for a period of one month.

Recommendation

Your Directors consider the passing of the special resolution and the Placing to be in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors unanimously recommend shareholders to vote in favour of the special resolution, upon which the Placing is, *inter alia*, conditional, as they intend to do in respect of their own holdings which together amount to 24,682,952 Ordinary Shares representing approximately 8.43 per cent. of the issued ordinary share capital of the Company at the date of this document.

Yours faithfully,

Roy Stanley
Chairman

DEFINITIONS

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

“Acquisition”	the acquisition of Snorkel by the Company;
“Admission”	the admission of the Placing Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules;
“AIM”	AIM, a market operated by London Stock Exchange plc;
“AIM Rules for Companies”	the AIM rules for companies published by London Stock Exchange plc, as amended from time to time;
“Cenkos Securities”	Cenkos Securities plc of 6.7.8 Tokenhouse Yard, London EC2R 7AS;
“Company”	Tanfield Group plc;
“Consideration Shares”	the 1,535,662 Ordinary Shares to be allotted and issued, credited as fully paid, to the Sellers on either the first or second anniversary of completion of the Acquisition, subject to any reduction in respect of claims by the Company;
“Directors”	the directors of the Company whose names are set out on page 2;
“Enlarged Group”	the Group following completion of the Acquisition;
“Group”	the Company and its subsidiaries;
“Option Shares”	the 6,772,000 Ordinary Shares to be allotted (in aggregate) to Roy Stanley, Darren Kell and Brendan Campbell on the exercise options and sold as part of the Placing;
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company;
“Placing”	the conditional placing of the Placing Shares and the Sale Shares with investors by Cenkos Securities pursuant to the Placing Agreement;
“Placing Agreement”	the conditional agreement dated 28 June 2007 between (1) the Company, (2) Cenkos Securities and (3) the Directors relating to the Placing;
“Placing Shares”	the 70,552,148 new Ordinary Shares and the Option Shares to be allotted and issued or sold to investors under the Placing;
“Sale Shares”	the 5,000,000 Ordinary Shares to be sold by Roy Stanley in the Placing
“Sellers”	the existing shareholders of Snorkel who are selling Snorkel to the Company in the Acquisition;
“Snorkel”	Snorkel Holdings LLC; and
“Snorkel Group”	Snorkel and its subsidiaries.

References in this document to US\$:Sterling conversions have been calculated at an exchange rate of US\$2.00:£1.00, being the exchange rate at 5.00pm on 27 June 2007, the latest practicable date prior to the publication of this document.

TANFIELD GROUP PLC

(Incorporated in England and Wales with Registered Number 4061965)

NOTICE is hereby given that an **EXTRAORDINARY GENERAL MEETING** of Tanfield Group plc will be held at Vigo Centre, Birtley Road, Washington, Tyne and Wear, NE38 9DA at 10.30 a.m. on 23 July 2007 for the purpose of considering and, if thought fit, passing the resolution numbered (1) below as an ordinary resolution and the resolution numbered (2) below as a special resolution:

ORDINARY RESOLUTION

- (1) To elect Mr. C Billiet as a director.

SPECIAL RESOLUTION

- (2) THAT:

- (a) the Company's authorised share capital be increased from £4,000,000 divided into 400,000,000 ordinary shares of 1p each ("Ordinary Shares") to £5,000,000 by the creation of an additional 100,000,000 new Ordinary Shares;
- (b) without prejudice to the authority to the Directors under Section 80 of the Companies Act 1985 ("the Act") given by Ordinary Resolution of the Company on 15 November 2006 the Directors be generally and unconditionally authorised in accordance with Section 80 of the Act to exercise all the powers of the Company to (i) allot 70,552,148 new Ordinary Shares in the Placing (as defined in the Circular from the Company to shareholders dated 28 June 2007 of which this Notice of Extraordinary General Meeting forms part ("the Circular")) and (ii) grant the right to be allotted and to allot up to 1,535,662 new Ordinary Shares in connection with and in accordance with the terms of the Acquisition (as defined in the Circular). Such authority shall, unless and to the extent previously revoked, varied or renewed by the Company in general meeting, expire at midnight on 22 July 2012; and
- (c) without prejudice to the power given to the Directors pursuant to Section 95 of the Act by Special Resolution of the Company on 15 November 2006 the Directors be given power pursuant to Section 95 of the Act to allot 70,552,148 new Ordinary Shares in the Placing (as defined in the Circular) for cash pursuant to the Section 80 authority referred to in paragraph (b) above as if Section 89(1) of the Act did not apply to any such allotment, such power to expire when the authority under paragraph (b) of this Resolution is revoked or would (if not revoked) expire.

By Order of the Board

Charles Brooks
Company Secretary

Registered Office:

Vigo Centre
Birtley Road
Washington
Tyne and Wear
NE38 9DA

Dated: 28 June 2007

Explanatory Notes

1. **Votes**
All shareholders who wish to attend and vote at the meeting must be entered on the Company's register of members no later than 48 hours before the time fixed for the meeting. Changes to entries on the register after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.
2. **Proxy**
Shareholders entitled to attend and vote at the meeting may appoint a proxy or proxies to attend on their behalf. A proxy need not be a member of the Company. Investors who hold their Ordinary Shares through a nominee may wish to attend the meeting as a proxy, or to arrange for someone else to do so for them, in which case they should discuss this with their nominee or stockbroker. Whilst proxies may vote on a poll on any resolution, they are not entitled to vote on a show of hands. Proxies may ask questions at the meeting, if, in his discretion, the Chairman of the meeting allows it. Shareholders are invited to complete and return the enclosed Proxy Form. Completion of the Proxy Form will not prevent a shareholder from attending and voting at the meeting if subsequently he/she finds they are able to do so. To be valid, completed Proxy Forms must be received at the office of the Company's Registrars, Capita Registrars, Proxy Department, PO Box 25, Beckenham, Kent, BR3 4BR not less than 48 hours before the time fixed for the meeting.
3. **Corporate shareholders**
Representatives of shareholders which are corporations attending the meeting should produce evidence of their appointment by an instrument executed in accordance with Section 36A of the Act or signed on behalf of the corporation by a duly authorised officer or agent.
4. **CREST**
The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members registered in the Register of Members of the Company at 10.30 a.m. on 20 July 2007 shall be entitled to attend and vote at the aforesaid Extraordinary General Meeting in respect of such number of Ordinary Shares registered in their name at that time. Changes to entries in the Register of Members after 10.30 a.m. on 20 July 2007 shall be disregarded in determining the rights of any person to attend or vote at the meeting.