

**TANFIELD GROUP PLC ("the Company")**  
**(Incorporated in England and Wales with registered number 04061965)**

**Notice of Annual General Meeting**

**NOTICE** is hereby given that the Annual General Meeting of the Company will be held at the offices of Tanfield Group Plc, Vigo Centre, Birtley Road, Washington, Tyne and Wear, NE38 9DA on Tuesday 24 May 2011 at 10.00 a.m. for the following purposes:

**Ordinary Business**

To consider and, if thought fit, to pass the following resolutions numbered 1 to 5 (inclusive) as Ordinary Resolutions of the Company:

1. To receive the financial statements for the year ended 31 December 2010 and the reports of the directors and auditors thereon.
2. To re-elect Charles Brooks as a director, who retires by rotation in accordance with the Articles of Association.
3. To re-elect Brendan Campbell as a director, who retires by rotation in accordance with the Articles of Association.
4. To re-elect Martin Groak as a director, who retires by rotation in accordance with the Articles of Association.
5. To re-appoint Baker Tilly UK Audit LLP as auditor of the Company to hold office from the conclusion of the meeting until the conclusion of the next meeting at which the accounts are laid before the Company at remuneration to be determined by the directors.

**Special Business**

To consider and, if thought fit, to pass the following resolution numbered 6 as an Ordinary Resolution of the Company and the following resolutions numbered 7 and 8 as Special Resolutions of the Company:

6. That the directors of the Company be and are hereby generally and unconditionally authorised (in substitution for any previous authority) for the purposes of Section 551 of the Companies Act 2006 (as amended) (the "Act") to exercise all the powers of the Company to allot shares in the Company, or to grant rights to subscribe for or to convert any security into shares in the Company (such shares and such rights to subscribe for or to convert any security into shares in the Company being "relevant securities") on such terms and in such manner as they shall think fit, up to a maximum aggregate nominal amount of £1,567,953, being approximately one third of the nominal value of the Company's issued ordinary share capital, at any time (unless and to the extent previously renewed, revoked or varied by the Company in general meeting) during the period from the date hereof until 31 December 2012 or, if earlier, the conclusion of the Company's annual general meeting held in 2012, provided that the directors of the Company may make an offer or enter into an agreement which would or might require relevant securities to be allotted, offered or otherwise dealt with or disposed of after the expiry of such authority and the directors of the Company may allot any relevant securities after the expiry of such authority in pursuance of any such offer or agreement as if this authority had not expired.

7. That, subject to and conditional upon the passing of resolution 6 above, the directors of the Company be given power pursuant to Sections 570 and 573 of the Act to allot equity securities (as defined in Section 560 of the Act) of the Company for cash pursuant to the authority conferred by resolution 6 above as if Section 561 of the Act did not apply to any such allotment, such power to expire (unless the authority conferred by resolution 6 above is previously renewed, revoked or varied) on 31 December 2012 or, if earlier, the conclusion of the Company's annual general meeting held in 2012 provided that before such expiry the directors of the Company may make an offer or enter into an agreement which would or might require equity securities to be allotted after the expiry of such power and the directors of the Company may allot equity securities after such expiry under this power in pursuance of any such offer or agreement as if this power had not expired. This power is limited to:

7.1 the allotment of equity securities for cash in connection with a rights issue or other pre-emptive offer to holders of ordinary shares of 5p each in the capital of the Company where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares of 5p each in the capital of the Company held by them but subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient to deal with any fractional entitlements or any legal or practical problems under the laws of, or the requirements of any regulatory body or any recognised stock exchange in, any territory; and

7.2 the allotment (other than pursuant to paragraph 7.1 of this Special Resolution) of equity securities up to a maximum aggregate nominal amount of £470,386 (being equal to approximately ten percent of the issued share capital of the Company).

This power applies in relation to any sale of shares which is an allotment of equity securities by virtue of Section 560(3) of the Act as if in the first paragraph of this resolution the words "pursuant to the authority conferred by resolution 6 above" were omitted.

8. That the Company be and is generally and unconditionally authorised for the purposes of Section 701 of the Act to make one or more market purchases (within the meaning of Section 693(4) of the Act) on the London Stock Exchange of its ordinary shares of 5p each (for the purposes of this Resolution "Ordinary Shares") provided that:

8.1 the maximum aggregate number of Ordinary Shares authorised to be purchased is 14,111,583 (representing 15 percent of the Company's issued ordinary share capital);

8.2 the minimum price which may be paid for such Ordinary Shares is 5p per Ordinary Share;

8.3 the maximum price which may be paid for an Ordinary Share shall not be more than 5% above the average of the middle market quotations for a Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Ordinary Share is purchased; and

8.4 unless previously revoked, varied or renewed, this authority shall expire on 31 December 2012 or, if earlier at the conclusion of the Company's annual general meeting held in 2012 save that the Company may prior to such

expiry enter into a contract to purchase Ordinary Shares which will or may be executed wholly or partly after the expiry of such authority, and may purchase Ordinary Shares pursuant to such contract as if such authority had not expired.



By order of the Board  
C Brooks ACA  
Company Secretary

28 April 2011  
Registered Office:  
Vigo Centre,  
Birtley Road,  
Washington,  
Tyne and Wear  
NE38 9DA

## **Notes**

### **1. Entitlement to Attend and Vote**

Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), the Company specifies that only those holders of ordinary shares of 5p each in the capital of the Company registered in the Company's Register of Members at:

- 1.1 6.00 p.m. on 22 May 2011; or
- 1.2 if this meeting is adjourned, at 6.00 p.m. two working days prior to the adjourned meeting;

shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares of 5p each in the capital of the Company registered in their name at that time. Subsequent changes to entries in the Register of Members as at 6.00 p.m. on 22 May 2011 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

### **2. Appointment of Proxies**

- 2.1 If you are a member of the Company at the time set out in 1.1 or 1.2 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting (whether on a show of hands or on a poll) and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to your proxy form.

- 2.2 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
- 2.3 The notes to the proxy form explain how to direct your proxy to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
- 2.3.1 completed and signed;
  - 2.3.2 sent or delivered to PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU; and
  - 2.3.3 received by Capita Registrars no later than 48 hours before the meeting.
- 2.4 In the case of a member which is a Company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

### 3. **Attending in Person**

The sending of a completed form of proxy to the Company's Registrar will not preclude members from attending and voting at the meeting, or any adjournment thereof, in person, should they so wish.

### 4. **Directors' Service Contracts**

Copies of the directors' service contracts with the Company or any of its subsidiary undertakings will be available for inspection:

- 4.1 for at least 15 minutes prior to the meeting; and
- 4.2 during the meeting.

## **Explanatory Notes to the Annual General Meeting Resolutions**

These notes are intended to explain the business to be transacted at the Annual General Meeting.

1. **Resolution 1 – Audited Accounts**

The Directors of the Company are required under the Companies Act 2006 to lay the audited accounts and reports before the Company in General Meeting.

2. **Resolutions 2, 3 and 4 – Re-election of Charles Brooks, Brendan Campbell and Martin Groak**

In accordance with the Company's Articles of Association, one third of the Directors of the Company are required to retire as Directors at the Meeting. Charles Brooks, Brendan Campbell and Martin Groak are retiring by rotation at the meeting as they have been Directors for the longest period of time since they were last elected by shareholders. Charles Brooks, Brendan Campbell and Martin Groak are all eligible for re-election at the meeting and have each chosen to submit themselves for re-election. Their biographical details are available on the Company's website ([www.tanfieldgroup.com](http://www.tanfieldgroup.com)).

3. **Resolution 5 – Reappointment and Remuneration of Auditors**

In accordance with the Companies Act 2006, it is proposed to reappoint Baker Tilly Audit LLP as auditor of the Company at the Annual General Meeting and it is normal practice for a company's directors to be authorised to agree their fees.

4. **Resolution 6 – Authority to Allot Shares**

Resolution 6 will allow the Directors of the Company to allot unissued ordinary shares of the Company up to a maximum aggregate nominal amount equal to £1,567,953, which represents approximately one-third of the nominal value of the Company's issued share capital at the date of the Notice of the Annual General Meeting. Unless renewed, revoked or varied by the Company in general meeting, the authority will last from the date of the passing of the resolution until 31 December 2012 or, if earlier, the conclusion of the Company's Annual General Meeting held in 2012.

5. **Resolution 7 – Disapplication of Pre-emption Rights**

Resolution 7 will give the Directors of the Company power to make allotments of ordinary shares of the Company for cash without reference to statutory pre-emption rights (including any sale of ordinary shares if, immediately before the same, the ordinary shares were held by the Company as treasury shares) up to a maximum aggregate nominal amount equal to £470,386, which represents approximately 10% of the nominal value of the Company's issued share capital at the date of the Notice of the Annual General Meeting. The authority would also enable the Directors of the Company to implement a rights issue or other pre-emptive offer and will last from the date of the passing of the resolution until 31 December 2012 or, if earlier, the conclusion of the Company's Annual General Meeting held in 2012 unless the authority of the Directors of the Company to allot unissued ordinary shares is previously revoked, renewed or varied.

6. **Resolution 8 – Authority to make Market Purchases**

The Directors of the Company consider it advisable that the Company has the authority to make market purchases of its own shares and Resolution 8 will give the Company authority to make market purchases up to a maximum of 14,111,583 ordinary shares of the Company, being 15% of the Company's issued share capital at the date of the Notice of the Annual General Meeting. Unless renewed, revoked or varied by the Company in general meeting, the authority will last from the date of the passing of the resolution until 31st December 2012 or, if earlier, the conclusion of the Annual General Meeting of the Company held in 2012. The power conferred by this authority would only be used after careful consideration by the Directors of the Company, having taken into account market conditions prevailing at the time, the investment needs of the Company, its opportunities for expansion and its overall financial position. The authority would only be exercised by the Directors of the Company if they considered it to be in the best interests of the shareholders generally and if the purchase(s) could be expected to result in an increase in earnings per share. Any ordinary shares purchased pursuant to this resolution will be cancelled or, to the extent determined by the Directors of the Company and permitted by law, be held as treasury shares which may subsequently be sold for cash.