

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. It contains the Resolution to be voted on at a General Meeting of the Company to be held on 15 April 2013. If you are in any doubt about the contents of this document and the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are in the UK or, if not, another appropriately authorised independent financial adviser.**

If you have sold or otherwise transferred all of your Ordinary Shares, please send this document and the accompanying Form of Proxy as soon as possible to the purchaser, transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred part of your holding, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The Existing Ordinary Shares and the Placing Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state of the United States, nor do the Existing Ordinary Shares and/or the Placing Shares qualify for distribution under any of the relevant securities laws of Australia, Canada, Japan or the Republic of Ireland and nor has any prospectus in relation to the Existing Ordinary Shares and/or the Placing Shares been lodged with or registered by the Australian Securities and Investments Commission, the Japanese Ministry of Finance or the Irish Financial Regulator. Accordingly, subject to certain exceptions, the Existing Ordinary Shares and the Placing Shares may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into or within the United States, Australia, Canada, Japan or the Republic of Ireland. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document does not constitute or form part of any offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any Existing Ordinary Shares nor any Placing Shares nor shall it or any part of it or the fact of its distribution form the basis of, or be relied upon in connection with any contract therefor.

The whole of this document should be read.

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# TANFIELD GROUP PLC

*(incorporated and registered in England and Wales with registration number 04061965)*

## **Placing of 10,500,000 new Ordinary Shares at 20 pence per Ordinary Share**

### **Notice of General Meeting**

*Nominated Adviser and Broker*



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WH Ireland, which is authorised and regulated by the FSA, is acting as the Company's nominated adviser and broker in connection with the Placing and Admission and will not be offering advice and will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of this document or any matter, transaction or arrangement referred to herein. The responsibilities of WH Ireland as the Company's nominated adviser and broker under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director, Shareholder or any other person, in respect of his decision to acquire Shares in the Company in reliance on any part of this document or otherwise. WH Ireland is not making any representation or warranty, express or implied, as to the contents of this document.

**Notice of a General Meeting of Tanfield Group Plc, to be held at its registered office, at Vigo Centre, Birtley Road, Washington, Tyne and Wear NE38 9DA at 10.00 a.m. on 15 April 2013, is set out at the end of this document. Whether or not you intend to attend the General Meeting, Shareholders are requested to complete and return the accompanying Form of Proxy as soon as possible and, in any event, so as to be received by the Company's Registrar, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and in any event not later than 10.00 a.m. on 11 April 2013. The completion and return of the Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person should they subsequently wish to do so.**

## CONTENTS

	<i>Page</i>
<b>Expected Timetable of Principal Events and Issue Statistics</b>	3
<b>Letter from the Chairman of the Company</b>	4
<b>Definitions</b>	7
<b>Notice of General Meeting</b>	9

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	<i>2013</i>
Publication of this document	20 March
Admission and commencement of dealings on AIM of the First Tranche Placing Shares	8.00 a.m. on 25 March
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 11 April
General Meeting	10.00 a.m. on 15 April
Admission and commencement of dealings on AIM of the Second Tranche Placing Shares	8.00 a.m. on 16 April

## ISSUE STATISTICS

Placing Price	20 pence
Number of Existing Ordinary Shares	128,991,225
Number of Placing Shares being placed on behalf of the Company	10,500,000
Estimated gross proceeds of the Placing receivable by the Company	£2.1 million
Number of Ordinary Shares in issue immediately following Admission of the Second Tranche Placing Shares	139,491,225
Number of Placing Shares as a percentage of the Enlarged Share Capital	7.5%

# LETTER FROM THE CHAIRMAN OF THE COMPANY

*Directors:*

Jon Pither, *Non Executive Chairman*  
Darren Kell, *Chief Executive*  
Charles Brooks, *Finance Director*  
Brendan Campbell, *Managing Director, Powered Access Division*  
Roy Stanley, *Non Executive Director*  
Martin Groak, *Non Executive Director*

*Registered office:*

Vigo Centre  
Birtley Road  
Washington  
Tyne and Wear  
NE38 9DA

20 March 2013

Dear Shareholder,

## TANFIELD GROUP PLC

*(incorporated and registered in England and Wales under the Companies Act 1985 with registration number 04061965)*

### **Placing of 10,500,000 new Ordinary Shares at 20 pence per Ordinary Share Notice of General Meeting**

#### **1. Introduction**

The Company has announced today that it proposes to raise £2.1 million (before expenses) by way of a placing by WH Ireland, as agent for the Company, of, in aggregate, 10,500,000 new Ordinary Shares at a price of 20 pence per new Ordinary Share to institutional and other investors. Of the new Ordinary Shares being issued, 7,247,826 of such shares will be issued under existing shareholder authorities and the issue of 3,252,174 of such shares will be conditional on the passing of the Resolution.

The net proceeds of the Placing will be used for general working capital purposes. Together with the recently agreed debt facility, this will allow the Company to respond to market opportunities in the 2013 buying season.

The Company expects to announce its preliminary results for the year ended 31 December 2012 in April and expects to report turnover for the year of approximately £45m and an operating loss of approximately £15.5m. The announcement on 20 February 2013 set out the current trading position.

In parallel with ongoing discussions regarding the potential sale of the powered access division, the Company has instigated a formal review for a potential sale of that division.

**The purpose of this document is to explain the background to and reasons for the Placing and why the Directors believe that the Placing is in the best interests of the Company and its Shareholders as a whole and to recommend that Shareholders vote in favour of the Resolution to be proposed at the General Meeting, notice of which is set out at the end of this document.**

#### **2. Details of the Placing**

The Placing Shares, which, upon issue, will rank *pari passu* with the Existing Ordinary Shares, have been conditionally placed by WH Ireland with institutional and other investors.

Pursuant to the Placing Agreements entered into today between WH Ireland and the Company, WH Ireland, as agent for Tanfield, has agreed to use its reasonable endeavours to place the Placing Shares with investors. The Placing Agreements contain warranties and indemnities given by the Company with respect to its business and certain matters connected with the Placing. Under the Placing Agreements the Company has agreed to pay WH Ireland a commission of 5 per cent. of the aggregate value of the

Placing Price of the Placing Shares, and a corporate finance fee of £15,000 together with WH Ireland's reasonable expenses of or incidental to the Placing, the issue of the Placing Shares and Admission.

The issue of the First Tranche Placing Shares is conditional upon, amongst other things, Admission of the First Tranche Placing Shares but is not conditional upon the Resolution being passed at the General Meeting, accordingly, Admission of the First Tranche Placing Shares is expected to occur before the holding of the General Meeting.

The issue of the Second Tranche Placing Shares is conditional, inter alia, on approval by Shareholders at the General Meeting on 15 April 2013 of the Resolution, on the Placing Agreement relating to the Second Tranche Placing Shares not being terminated prior to Admission and on Admission of the Second Tranche Placing Shares becoming effective on or before 8.00 a.m. on 16 April 2013 (or such later time and/or date as the Company and WH Ireland may agree, but in any event not later than 8.00 a.m. on 30 April 2013). The Placing is not being underwritten.

The Placing Price of 20 pence per Placing Share represents a premium of approximately 1.3 per cent. to the closing mid-market price per Ordinary Share on 19 March 2013, being the last dealing day prior to the date of this document.

Subject to the passing of the Resolution at the General Meeting, application will be made to London Stock Exchange for the Second Tranche Placing Shares to be admitted to trading on AIM. Subject to, inter alia, Admission becoming effective, dealings in the Second Tranche Placing Shares are expected to commence on AIM at 8.00 a.m. on 16 April 2013.

The Placing Shares represent approximately 8.1 per cent. of the Company's Existing Ordinary Shares and will, when issued, represent approximately 7.5 per cent. of the Enlarged Share Capital.

Following Admission of the First Tranche Placing Shares, the Company will have 136,239,051 Ordinary Shares in issue and following Admission of the Second Tranche Placing Shares this number will further increase to 139,491,225 Ordinary Shares in issue. These figures may be used by Shareholders, from Admission of both the First Tranche Placing Shares and the Second Tranche Placing Shares respectively as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FSA's Disclosure and Transparency Rules.

### **3. General Meeting**

Set out at the end of this document is a notice convening a General Meeting to be held at the registered office of the Company, at Vigo Centre, Birtley Road, Washington, Tyne and Wear NE38 9DA on 15 April 2013, commencing at 10.00 a.m.

The purpose of the General Meeting is to authorise the Directors to allot the Second Tranche Placing Shares, without reference to statutory pre-emption rights, in order to allow the Placing to proceed and to provide the Directors with a general authority to allot Ordinary Shares without reference to statutory pre-emption rights.

The Resolution, which will be proposed at the General Meeting as a special resolution, will:

- (i) grant authority to the Directors under section 551 of the Act to allot the Second Tranche Placing Shares and up to such number of Ordinary Shares which have a maximum aggregate nominal value equal to approximately one-third of the nominal value of the Enlarged Share Capital; and
- (ii) give the Directors power pursuant to sections 570 and 573 of the Act to allot the Second Tranche Placing Shares and equity securities (as defined in section 560 of the Act) for cash as if section 561 of the Act did not apply to such allotments.

In relation to the authority of the Directors to allot the Second Tranche Placing Shares, the terms of the Resolution provide that the authority and power of the Directors is limited to the allotment of the Second Tranche Placing Shares and that such authority and power of the Directors expires on 30 April 2013, if not previously utilised.

In relation to the authority of the Directors to allot equity securities for cash without reference to statutory pre-emption rights (which will include a sale of Ordinary Shares if, immediately before the same, the Ordinary Shares were held by the Company as treasury shares), the terms of the Resolution provide that such number of Ordinary Shares may be allotted with a maximum aggregate nominal value equal to £1,046,184, which represents approximately 15 per cent. of the Enlarged Share Capital. The terms of the Resolution provide that the authority would also enable the Directors 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 2013 or, if earlier, the conclusion of the Company's Annual General Meeting held in 2013 unless the general authority of the Directors to allot unissued Ordinary Shares referred to at paragraph (i) above is previously revoked, renewed or varied.

The authorities sought are in addition to all existing authorities and, accordingly, if the Resolution is passed it will not affect the general authority and power of the Directors to allot Ordinary Shares pursuant to the shareholder resolutions passed at the Company's Annual General Meeting on 17 May 2012, to the extent that such general authority and power has not been previously utilised by the allotment and issue of the First Tranche Placing Shares.

#### **4. Action to be taken**

You will find enclosed with this document a Form of Proxy for use at the General Meeting.

Whether or not Shareholders propose to attend the General Meeting in person, it is important that Shareholders complete and sign the enclosed Form of Proxy in accordance with the instructions printed thereon and return it to the Company's Registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and, in any event, so as to be received not later than 10.00 a.m. on 11 April 2013. The completion and return of a Form of Proxy will enable a Shareholder to vote at the General Meeting without having to be present in person but will not preclude a Shareholder from attending the General Meeting and voting in person if he so wishes. If a Shareholder has appointed a proxy and attends the General Meeting in person, his proxy appointment will automatically terminate and his votes in person will stand in its place.

#### **5. Recommendation**

The Directors consider the Placing to be in the best interests of Shareholders and the Company as a whole and recommend that Shareholders vote in favour of the Resolution, as they intend to do in respect of their entire beneficial holdings amounting, in aggregate, to 17,015,482 of the Existing Ordinary Shares, representing approximately 13.19 per cent. of the voting share capital of the Company at the date of this document.

Yours faithfully,

**Jon Pither**

*Non Executive Chairman*

## DEFINITIONS

In this document, unless the context otherwise requires or provides, the expressions set out below bear the following meanings:

<b>“Act”</b>	the Companies Act 2006, as amended from time to time
<b>“Admission”</b>	the effective admission of the First Tranche Placing Shares or Second Tranche Placing Shares, or both, as relevant, to trading on AIM pursuant to the AIM Rules for Companies
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange
<b>“AIM Rules”</b>	the “AIM Rules for Companies” and the “AIM Rules for Nominated Advisers” published by the London Stock Exchange for AIM companies, governing the admission to and the operation of AIM, as amended from time to time
<b>“Board” or “Directors”</b>	the directors of Tanfield, all of whose names are set out on page 4 of this document
<b>“Capita Registrars” or the “Registrar”</b>	Capita Registrars Limited
<b>“Tanfield” or the “Company”</b>	Tanfield Group Plc (company registration number: 04061965)
<b>“Enlarged Share Capital”</b>	the Existing Ordinary Shares as enlarged by the Placing Shares
<b>“Existing Ordinary Shares”</b>	the Ordinary Shares in issue as at the date of this document
<b>“First Tranche Placing shares”</b>	up to 7,247,826 new Ordinary Shares, to be allotted and issued conditional upon, amongst other things, their Admission but not conditional upon the passing of the Resolution at the General Meeting
<b>“Form of Proxy”</b>	the form of proxy which accompanies this document for use by Shareholders in connection with the General Meeting
<b>“FSA”</b>	the Financial Services Authority of the United Kingdom
<b>“General Meeting”</b>	the general meeting of the Company convened for 10.00 a.m. on 15 April 2013, notice of which is set out at the end of this document, or any adjournment of such meeting
<b>“London Stock Exchange”</b>	London Stock Exchange Plc
<b>“Notice of General Meeting”</b>	the notice of General Meeting as set out at the end of this document
<b>“Ordinary Shares” or “Shares”</b>	ordinary shares of 5 pence each in the capital of the Company
<b>“Placing”</b>	the conditional placing of 10,500,000 new Ordinary Shares at the Placing Price

<b>“Placing Agreements”</b>	the conditional agreements in respect of the First Tranche Placing Shares and the Second Tranche Placing Shares entered into on 19 March 2013 between the Company and WH Ireland in relation to the Placing
<b>“Placing Price”</b>	20 pence per Ordinary Share
<b>“Placing Shares”</b>	the First Tranche Placing Shares and Second Tranche Placing Shares
<b>“Resolution”</b>	the resolution set out in the Notice of General Meeting
<b>“Second Tranche Placing Shares”</b>	up to 3,252,174 new Ordinary Shares, to be allotted and issued conditional upon, amongst other things, the passing of the Resolution at the General Meeting and their Admission
<b>“Shareholders”</b>	persons who are registered holders of Ordinary Shares from time to time
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“WH Ireland”</b>	WH Ireland Limited, the Company’s nominated adviser and broker
<b>“£”</b>	the lawful currency of the United Kingdom



## NOTICE OF GENERAL MEETING

# Tanfield Group Plc

*(Registered and incorporated in England and Wales under the Companies Act 1985 with registration number 04061965)*

### Notice of General Meeting

Notice is hereby given that a general meeting of Tanfield Group Plc (the “Company”) will be held at the Company’s Registered Office at Vigo Centre, Birtley Road, Washington, Tyne and Wear, NE38 9DA on 15 April 2013 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution.

### Special Resolution

THAT:

- 1.1 the Directors of the Company be and are hereby generally and unconditionally authorised (notwithstanding and without prejudice to the general authority of the Directors of the Company granted pursuant to the resolution of the Company passed on 17 May 2012, to the extent that the same has not been utilised) 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 “equity securities”) on such terms and in such manner as they shall think fit, provided that this authority shall be limited to
  - 1.1.1 the allotment no later than 30 April 2013 of the Second Tranche Placing Shares (as that expression is defined in a Circular from the Company to its Shareholders dated 20 March 2013 (“the Circular”) of which this Notice of General Meeting forms part), being equity securities up to a maximum aggregate nominal amount of £162,608.70; and
  - 1.1.2 the allotment of equity securities up to a maximum aggregate nominal amount of £2,324,853, being approximately one third of the nominal value of the Company’s Enlarged Share Capital (as that expression is defined in the Circular), 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 2013 or, if earlier, the conclusion of the Company’s annual general meeting held in 2013, provided that the Directors of the Company may make an offer or enter into an agreement which would or might require equity 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 equity securities after the expiry of such authority in pursuance of any such offer or agreement as if this authority had not expired; and
- 1.2 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 paragraph 1.1 of this resolution as if Section 561 of the Act did not apply to any such allotment. This power is limited to:
  - 1.2.1 the allotment of the Second Tranche Placing Shares (as that expression is defined in the Circular), being equity securities up to a maximum aggregate nominal amount of £162,608.70, at any time (unless the authority conferred by paragraph 1.1.1 of this Resolution is previously renewed, revoked or varied) until 30 April 2013; and
  - 1.2.2 the allotment of equity securities up to a maximum aggregate nominal amount of £1,046,184 (being equal to approximately fifteen percent of the Company’s Enlarged Share Capital (as that expression is defined in the Circular)) and, otherwise, the allotment

of equity securities for cash in connection with a rights issue or other pre-emptive offer to holders of Ordinary Shares (as that expression is defined in the Circular) 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 (as that expression is defined in the Circular) 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, in each case at any time (unless the authority conferred by paragraph 1.1.2 of this resolution is previously renewed, revoked or varied) until 31 December 2013 or, if earlier, until the conclusion of the Company's annual general meeting held in 2013, 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.

The power granted by paragraph 1.2.2 of this resolution 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 paragraph 1.1 of this resolution" were omitted.

Dated: 20 March 2013

*By order of the Board*

**C D Brooks ACA**  
*Company Secretary*

*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 Uncertified 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 11 April 2013; 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 11 April 2013 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 paragraphs 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 the 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 Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU; and
  - 2.3.3 received by Capita Registrars no later than 10.00 a.m. on 11 April 2013.
- 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.
- 2.5 A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box on your proxy form. If you sign and return your proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
- 2.6 To direct your proxy how to vote on the Resolution mark the appropriate box on your proxy form with an 'X'. To abstain from voting on the Resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
- 2.7 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).
- 2.8 Any power of attorney or any other authority under which your proxy form is signed (or a duly certified copy of such power or authority) must be included with your proxy form.
- 2.9 If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
- 2.10 Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf of all its powers as a member provided that they do not do so in relation to the same shares.

### 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.

