

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 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 Tau Capital 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.

TAU CAPITAL PLC

(a company incorporated in Isle of Man and registered with number 119384C)

NOTICE OF ANNUAL GENERAL MEETING

Notice of an Annual General Meeting of the Company to be held at IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP on 24 July 2012 at 9.00 am is set out in 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, IOMA Fund and Investment Management Limited, IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP, but in any event not less than 48 hours before the time appointed for the meeting, being 9.00 am on 24 July 2012. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the Annual General Meeting should they so wish.

LETTER FROM THE CHAIRMAN

TAU CAPITAL PLC

(incorporated in the Isle of Man and registered with number 119384C)

Directors:

Philip Lambert – *(Non-Executive Chairman)*
Bob Brown – *(Non-Executive Director)*
Richard Horlick – *(Non-Executive Director)*
Philip Scales – *(Non-Executive Director)*

Registered Office:

IOMA House
Hope Street
Douglas
Isle of Man
IM1 1AP

29 June 2012

Dear Shareholder

Notice of Annual General Meeting

1. Introduction

I am pleased to send you the notice of the Annual General Meeting of the Company, which is to be held at the registered office of the Company, IOMA House, Hope Street, Douglas, IM1 1AP Isle of Man at 9.00 am on Tuesday, 24 July 2012.

I am writing to give Shareholders details of certain of the resolutions that are to be put to Shareholders at the Annual General Meeting and to explain why your Board believes that the proposals are in the best interests of the Company and Shareholders as a whole and is recommending that you vote in favour of the resolutions at the Annual General Meeting.

You will find set out at the end of this document the Notice of Annual General Meeting to be held on Tuesday, 24 July 2012, at which the resolutions will be proposed. The Company has received the permission of the Isle of Man Financial Supervision Commission in order to hold its annual general meeting more than six months after the end of the 2011 financial year.

2. The proposed Extraordinary General Meeting

As noted in the Company's announcement dated 1 June 2012, the Company received a requisition from HSBC Global Custody Nominee (UK) Limited acting as nominee for LIM Asia Multi-Strategy Fund Inc (the "**Requisitioning Shareholder**"), a holder of in excess of 10 per cent. of the share capital of the Company, to call an extraordinary general meeting of the Company ("**EGM**").

The purpose of the proposed EGM was to consider resolutions (the "**Requisitioned Resolutions**") regarding:

- the appointment of Mr Nicholas Paris and Mr Terence Mahony as directors of the Company and for the removal of Mr Michael Sauer as a director of the Company;
- a change in the investment policy of the Company; and
- a review of the investment management agreement between the Company and Compass Asset Management Limited (the "**Manager**"), including as to whether it should be terminated.

Following discussions with the Requisitioning Shareholder regarding the Requisitioned Resolutions, the Requisitioning Shareholder has agreed to withdraw its request for an EGM to be held to consider the Requisitioned Resolutions provided that the Company puts to shareholders the resolutions numbered 5, 6, 7 and 8 in the Notice of Annual General Meeting as summarised in paragraphs 5, 6 and 7 below and recommends them to shareholders. The Company has agreed to do so and welcomes the constructive way in which discussions were held with the Requisitioning Shareholder regarding these matters.

The Requisitioning Shareholder has confirmed that it intends to vote in favour of each of the resolutions to be put to the Annual General Meeting.

3. Report and accounts and re-appointment of auditors

As with previous annual general meetings of the Company, resolutions will be put to shareholders to receive and adopt the annual report and audited accounts of the Company for the year ended 31 December 2011, together with the directors' and auditor's reports thereon, to re-appoint Deloitte LLP as auditors of the Company and to authorise the Directors to determine the remuneration of Deloitte LLP as auditors of the Company.

4. Re-election of Director

In accordance with Article 88 of the Company's Articles, Mr Richard Horlick is to stand for re-election as a director at the Annual General Meeting.

Having considered the performance of and contribution made by Mr Horlick, the Directors remain satisfied that his performance continues to be effective and demonstrates commitment to the role and the Directors therefore recommend his re-election at the Annual General Meeting.

5. Appointment of new Directors

As noted above, the Company received a requisition from the Requisitioning Shareholder to call an EGM to consider, inter alia, the appointment of Mr Nicholas Paris and Mr Terence Mahony as directors of the Company and for the removal of Mr Michael Sauer as a director of the Company. On 15 June 2012, Mr Sauer resigned as a non-executive director of the Company with immediate effect. On behalf of the Board I would like to reiterate my thanks to Michael for his guidance and commitment to the Company since his appointment and to wish him well in the future.

In light of Mr Sauer's resignation and the Requisitioned Resolutions proposing Mr Mahony and Mr Paris as directors, the Board proposes that Mr Terence Mahony and Mr Nicholas Paris, each of whom has confirmed his willingness to act, be appointed as a director at the Annual General Meeting in accordance with Article 82 of the Company's Articles.

The Directors believe that each of Mr Mahony and Mr Paris has the requisite skills and expertise required of non-executive directors of an AIM listed company.

A brief biography of Mr Mahony is set out below:

Mr Mahony is a recognised leader in emerging markets investing, with an extensive global financial career spanning over 40 years. Mr Mahony first worked with the Bank of London and South America in London and Zurich, followed by broking positions at White Weld and Paine Webber. Mr Mahony's fund management experience began in Boston with the Baring Puma Latin American fund which he launched in 1991 for Barings as Director and CIO for Latin America. After Barings, he returned to Hong Kong in 1993 as the first CIO of

HSBC's new Global Emerging Markets strategy. At HSBC he launched HSBC's first Global Emerging Markets Fund. From 1996 to 1999 he was Managing Director for Emerging Markets Equities, CIO of Global Emerging Markets Equity strategy and President of Trust Company of the West (TCW) Asia Limited. From 2000 to 2008, he was a director and member of the investment committee of Investment Manager Selection (IMS) Limited in London. In 2008, as a member of the Board, he was asked to fill in as interim CIO for Indochina Capital. Mr Mahony is Chairman of VinaCapital, the largest asset management company in Vietnam with 3 closed ended funds listed on AIM. In addition he serves on the boards of various investment funds as a non-executive director, namely: Advance Developing Markets Fund Ltd, Pacific Assets Trust plc, Impax Asian Environmental Markets plc, LIM Asia Special Situations Fund, CITIC Capital Investment Management, Polunin Capital EM Active Fund, Caddis Emerging Markets and Vietnam Azalea Fund Ltd.

Mr Mahony is resident in Hong Kong.

A brief biography of Mr Paris is set out below:

Mr Paris is a Managing Partner of Purbeck Advisers LLP and he leads the Investment Advisory and Distribution and Marketing team. He has extensive experience in launching and marketing specialist funds to professional investors worldwide. Prior to founding Purbeck Advisers, Mr Paris was Global Head of Hedge Fund Sales at American Express Alternative Asset Management (US\$1bn managed in Single Strategy Hedge Funds) and he was also the Head of Marketing at Coronation International in London (US\$1.2bn managed in Funds of Hedge Funds). Prior to these roles, Mr Paris had extensive experience in corporate finance advice on the new issue of closed end Country Funds and Specialist Investment Trusts.

Mr Paris is a Chartered Alternative Investment Analyst, a Fellow of the Institute of Chartered Accountants in England and Wales (FCA) and a Fellow of the Chartered Institute for Securities and Investment in the UK (FCSI). Additionally, Mr Paris is an Authorised Representative approved by the Financial Services Authority in the UK.

Mr Paris is resident in the UK.

The Isle of Man does not have its own rules governing independence of directors. The Company seeks to comply with the provisions of the UK Corporate Governance Code insofar as it is appropriate and practicable for a company of its size and nature, as well as ensuring that a majority of the Board at all times consists of directors who are independent of the Manager.

Under the UK Corporate Governance Code, a board should determine whether a director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement. The board should state its reasons if it determines that a director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, including if the director:

- has been an employee of the company or group within the last five years;
- has, or has had within the last three years, a material business relationship with the company either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company;

- has received or receives additional remuneration from the company apart from a director's fee, participates in the company's share option or a performance-related pay scheme, or is a member of the company's pension scheme;
- has close family ties with any of the company's advisers, directors or senior employees;
- holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;
- represents a significant shareholder; or
- has served on the board for more than nine years from the date of their first election.

The Directors have been advised that Purbeck Advisers LLP (of whom Mr Paris is the Managing Partner) is engaged to provide investment advice on Asian closed end funds exclusively to the Requisitioning Shareholder and its affiliates. Accordingly, the Board considers that Mr Paris, by virtue of his existing relationship with the Requisitioning Shareholder via Purbeck Advisers, would not be deemed to be independent of a significant shareholder and therefore would not meet the test of independence set out in the UK Corporate Governance Code.

The Directors note that Mr Mahony is (amongst other directorships) a director of LIM Asia Special Situations Fund, an affiliate of the Requisitioning Shareholder. Mr Mahony is also a director of Pacific Assets Trust plc, on whose board Richard Horlick also sits. Given this existing relationship with the Requisitioning Shareholder who is a significant shareholder and the cross-directorship with Richard Horlick, who is also deemed not to be independent, the Directors consider that Mr Mahony would not be deemed to be independent for the purposes of the UK Corporate Governance Code.

Accordingly if each of Mr Mahony and Mr Paris are appointed, the Board will comprise three independent directors and three non-independent directors (including Richard Horlick).

6. Proposed amendments to the Company's Investing Policy

The Directors have monitored the investment opportunities for the Company based on its existing investment policy and the returns being generated by the Company's investments. Following discussions with major shareholders, including the Requisitioning Shareholder, the Directors are of the view that continued investment through the Fund will not be in the long term interests of shareholders. Accordingly, the Directors consider that it is appropriate to amend the Company's investing policy and commence an orderly run-off of Tau (Cayman) LP (the "**Fund**"). It is also proposed that the current investment management agreement (the "**Management Agreement**") with the Manager is terminated in conjunction with such change in investing policy (see paragraph 7 below).

The Directors are therefore proposing that an orderly divestment of the Fund's investments be undertaken in the following manner and over the following periods:

- no new investments in Private Equity investments (as defined in the Company's admission document dated 3 May 2007) will be made from the date of the meeting;
- no new investments in Public Equities (as defined in the Company's admission document dated 3 May 2007) will be made by the Manager on behalf of the Fund from the date of the meeting without the prior approval of the Board;

- the liquid part of the portfolio of Public Equities (as defined in the Company's admission document dated 3 May 2007) to be sold within a period of three months;
- the remainder of the portfolio of Public Equities to be sold within a period of three to six months; and
- the portfolio of Private Equity investments to be sold within a period of 12 to 24 months,

with the periods relating to sales of investments to start as from the date that a new investment manager is appointed and with the Board having the discretion to extend any such period as appropriate in respect of any specific investment. The Directors propose that the selection of a new investment manager is completed within one month after the Annual General Meeting (see paragraph 7 below).

As interests in the Public Equities and Private Equity portfolio are divested, the Directors intend to return the resulting cash to shareholders. This will allow for an orderly disposal of the Company's investments and minimise the potential impact that the Company's exit from such securities could have on their price.

The means by which any cash arising from the run-off of the Fund will be returned to shareholders has not yet been determined, but may include a combination of the purchase of own shares, a tender offer for the Company's shares and/or dividend payments. In order to simplify the means by which the cash can be returned, the Company proposes to amend its corporate form so as to become a company incorporated under the Isle of Man Companies Act 2006 (see paragraph 8 below).

The amendment of the Company's investing policy will require the approval of shareholders in general meeting in accordance with the requirements of the AIM Rules. Accordingly, the Directors propose that the resolution to amend the investing policy of the Company and implement the orderly run-off of the Fund is proposed as an ordinary resolution as required by the AIM Rules.

7. Proposed termination of the Management Agreement and entry into a new investment management agreement

In conjunction with the proposal to run-off the Fund and amend the investing policy, and taking into account the nature of the Requisitioned Resolutions, one of which proposed whether the Management Agreement should be terminated, the Directors are seeking approval from shareholders for the termination of the Management Agreement.

If shareholders approve such termination, the Company proposes to appoint a new investment manager and enter into a new investment management agreement to implement the sale process of the Public Equities and assist the Directors in the disposal of the Private Equity portfolio. The Directors propose to seek proposals from up to four potential Managers (including the existing investment manager) to act as successor to the existing investment manager. The Directors propose that the selection of a new investment manager is completed within one month after the Annual General Meeting.

The terms of the new investment management agreement, including remuneration of the successor investment manager and rights of termination, will be negotiated with the successor investment manager following their selection and taking into account the new investing policy of the Company. Details of the terms of the investment management agreement will be announced in due course, but it is not proposed that there is a separate shareholder approval of the terms of appointment of the successor investment manager.

The Management Agreement contains an exclusivity arrangement, whereby the Company may not appoint any other adviser or manager to act jointly with the Manager, as a replacement for the Manager or otherwise act as investment manager during the term of the Management Agreement. The Management Agreement currently provides that the Company must give not less than 180 days' notice of termination in writing. The Management Agreement may also be terminated if the shareholders of the Company approve the winding up or liquidation of the Company and a duly authorised liquidator is appointed within three months of the date of such resolution by shareholders. The approval of the disposal of the Fund's investments contemplated in paragraph 6 above would not allow the Company to exercise this additional right of termination.

If the Company is unable to agree to a shorter notice period with the Manager to terminate the Management Agreement and/or make a payment in lieu of notice, the Company would be in breach of the Management Agreement if it unilaterally terminated the agreement and/or appointed a new manager within one month of the date of the Annual General Meeting. The Directors therefore consider that such termination should be approved by shareholders pursuant to an ordinary resolution.

The Directors note that the Requisitioned Resolutions proposed to consider the termination of the Management Agreement as a special resolution, but the Directors consider that an ordinary resolution is sufficient to ratify any decision to terminate the Management Agreement and this has been agreed with the Requisitioning Shareholder.

8. Proposed conversion to a 2006 Company

In light of the proposed run-off of the Fund and amendment to the Company's investing policy, the Directors have considered the means by which the proceeds from the sales of investments might be distributed to shareholders. Regardless of the actual means by which such return of funds will be implemented, the Directors have concluded that it would be in the best interests of the Company and the Shareholders to propose a special resolution at the Annual General Meeting approving the following additional matters:

- (a) the re-registration of the Company as a company governed by the Isle of Man Companies Act 2006 (as amended) (the "**2006 Act**") (it is currently incorporated under the Isle of Man Companies Acts 1931-2004) (the "**Re-registration**"); and
- (b) the adoption of a new memorandum of association (the "**New Memorandum**") and new articles of association (the "**New Articles**") suitable for a company governed by the 2006 Act.

The 2006 Act updates and modernises Isle of Man company law and, amongst other things, abolishes a number of traditional company law formalities including the requirement to maintain capital (subject to solvency). Accordingly, subject to the Re-registration becoming effective, it should be easier for the Company to return funds to its shareholders (including following the disposal of the Fund's interests in Public Equities and Private Equity investments). Part 1 of the Schedule to this letter contains a brief explanation of the key characteristics of companies incorporated under the 2006 Act.

As part of the Re-registration the Company proposes to adopt the New Articles, which the Company considers are appropriate for a company incorporated under the 2006 Act the shares of which are admitted to AIM. The proposed New Articles are substantially the same as the Company's existing articles of association; those changes considered significant which have been incorporated in to the New Articles are listed in Part 2 of the Schedule to this letter.

Copies of the New Memorandum and the New Articles are available for review from the Company's registered office at any time before the Annual General Meeting; in addition, copies of the New Memorandum and the New Articles will be available on the Company's website at www.taucapitalplc.com and at the Annual General Meeting.

On the basis that the Re-registration proceeds, the 2006 Act provides that the Company will be the same legal entity as exists at present and Re-registration will not serve to prejudice or affect the continuity of the Company. On the date the Registrar of Companies in the Isle of Man issues a certificate of re-registration in respect of the Company, the Company shall cease to be a company incorporated under and subject to the Companies Acts 1931-2004 (as amended); instead the Company shall be subject to the 2006 Act.

9. Authority to purchase own shares

As with previous annual general meetings, the Directors are proposing to renew the Company's authorisation to make market acquisitions of its Shares, up to a maximum of 14.99% of the Company's issued share capital. For information purposes, the current authorised share capital of the Company is 350,200,000 Ordinary Shares and at the date of this document the total issued share capital is 222,308,464 Ordinary Shares.

In light of the proposed amendment of the Company's investing policy, the Directors consider that the Company may take advantage of this authorisation during the 12 months following the Annual General Meeting.

As the market purchase authority will only be required if the Company remains subject to the Isle of Man Companies Acts 1931 to 2004 (as amended), the resolution will only be effective if the Re-registration and the adoption of the New Memorandum and New Articles is not approved at the Annual General Meeting. If the Re-registration and the adoption of the New Memorandum and New Articles are approved at the Annual General Meeting, this resolution will not be put to the meeting.

10. Annual General Meeting

You will find set out at the end of this document a notice convening the Annual General Meeting to be held at IOMA House, Hope Street, Douglas, IM1 1AP Isle of Man at 9.00 am on Tuesday, 24 July 2012.

11. Action to be taken

Shareholders will find enclosed with this document a Form of Proxy for use in connection with the Annual General Meeting.

Shareholders, whether or not they propose to attend the Annual General Meeting in person, are requested to complete, sign and 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, IOMA Fund and Investment Management Limited, IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP, but in any event not less than 48 hours before the time appointed for the meeting, being 9.00 am on 24 July 2012. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the Annual General Meeting should they so wish.

12. Recommendation

The Directors consider that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its Shareholders as a whole and are most

likely to promote the success of the Company for the benefit of its Shareholders as a whole.

The Directors unanimously recommend that Shareholders vote in favour of the resolutions as they intend to do so in respect of their own shareholdings which in aggregate amount to 23,600,000 Ordinary Shares, representing 10.62% of the Company's issued share capital as at the date of this letter.

Yours sincerely

Philip Lambert
Chairman
TAU CAPITAL PLC

SCHEDULE

ISLE OF MAN COMPANIES ACT 2006

SECTION 1 - KEY CHARACTERISTICS

The following are some of the key characteristics of companies incorporated under the 2006 Act. It should be noted that the following does not constitute an exhaustive list of the differences between the statutory regimes to which companies incorporated under the Isle of Man Companies Acts 1931 to 2004 (as amended) and companies incorporated under the 2006 Act are subject.

Share Capital

Under the 2006 Act, there is no longer the concept of authorised share capital. Therefore, shares may be issued with or without par value. It should be noted that post Re-registration, the Company will continue to have ordinary shares of £0.01 par value.

Dividends, Redemptions and Buy-backs of Shares

Subject to compliance with its memorandum and articles of association, the 2006 Act will allow the Company post Re-registration to declare and pay a dividend and to purchase, redeem or otherwise acquire its own shares subject only to meeting a statutory solvency test.

Capacity and Powers

Companies incorporated under the 2006 Act have separate legal personality and perpetual existence. In addition, such companies have unlimited capacity to carry on or undertake any business or activity; this is so notwithstanding the matter of corporate benefit. The 2006 Act specifically states that no corporate act is beyond the capacity of a company incorporated under the 2006 Act by reason only of the fact that the relevant company has purported to restrict its capacity in any way in its memorandum or articles or otherwise. A person who deals in good faith with a company incorporated under the 2006 Act is entitled to assume that the directors of the company are acting without limitation.

Other Points

In addition to the foregoing, the following other points should be noted in relation to companies incorporated under the 2006 Act:

- there are no prohibitions in relation to a company providing financial assistance for the purchase of its own shares;
- there is a requirement for a registered agent appropriately licensed in the Isle of Man; IOMA Fund and Investment Management Limited will be the Company's first registered agent following Re-registration;
- there is no differentiation between public and private companies;
- there are simple share offer document requirements;

- there are reduced compulsory registry filings;
- there is no statutory requirement for a company incorporated under the 2006 Act to have an annual general meeting (although this requirement has been provided for in the New Articles); and
- the statutory accounting requirements are simplified.

SECTION 2 - THE NEW ARTICLES

The New Articles are based upon the Company's existing articles of association. Set out below is a list of the principal changes which are proposed to be made to the Company's existing articles of association and which will be incorporated into the New Articles.

Resolutions

The 2006 Act does not differentiate between ordinary resolutions (passed by a simple majority of votes cast in relation to the relevant resolution) and special resolutions (passed by a majority of three-quarters of votes cast in relation to). However, there is no prohibition on the Company adopting such a differentiation if it chooses to do so. Accordingly, the New Articles retain the requirements for ordinary resolutions and special resolutions in the circumstances where these are required under the current articles.

Authorised Share Capital

Companies incorporated under the 2006 Act are not required to have authorised share capital. However, the New Articles state that, unless increased by ordinary resolution, the amount of share capital of the Company available for issue is £3,502,000 divided into 350,200,000 ordinary shares of £0.01 par value each, which reflects the Company's present authorised share capital.

Reduction of Capital

The New Articles will permit the Company to reduce its share capital, subject to the statutory solvency test being satisfied, with the sanction of a special resolution; there will be no need for the Isle of Man High Court to sanction any reduction of capital.

Purchase of Shares

Subject to the satisfaction of the statutory solvency test, the New Articles will permit the buy-back of shares on the same basis as the existing articles of association of the Company.

Sanction to Variation

The existing articles of association of the Company permit, in the event the share capital is divided into shares of different classes, the variation of the rights attached to a class of shares with the consent in writing of the holders of not less than three quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution. The New Articles contain a similar provision except that the reference to approval by extraordinary resolution has been deleted, as the 2006 Act does not recognise the concept of such resolutions, and reference to a special resolution inserted.

Transfer of Shares

The New Articles require that share transfers are delivered to the registered agent for the time being of the Company. The first registered agent of the Company is anticipated to be IOMA Fund and Investment Management Limited, the registered office of which is the same as that of the Company.

Annual General Meetings

Because the 2006 Act does not require companies incorporated pursuant to its provisions to convene annual general meetings, the New Articles impose an obligation upon the directors of the Company to convene general meetings on an annual basis.

CREST Proxy Voting

The New Articles expressly provide for CREST proxy voting.

Overseas Registers

Reference in the existing articles of association of the Company to overseas registers has been deleted as the 2006 Act does not make mention of them.

The Seal

There is an obligation contained in the New Articles for the Company to have a seal; the 2006 Act does not require companies incorporated under such Act to have seals, but they may if they wish. References to an official seal for use abroad has been deleted as the 2006 Act contains no provision in this regard.

Secretary

The 2006 Act does not require the appointment of a company secretary as it requires each company subject to its provisions to appoint a registered agent which will fulfil similar duties. The New Articles, however, permit the board of the Company to continue to appoint a secretary.

Dividends

The New Articles contain provisions relating to dividends and distributions which are substantially the same in effect to those which are contained in the Company's existing articles of association.

Reserves

References to income and capital reserves have been deleted from the New Articles as the 2006 Act does not require the same to be maintained.

Capitalisation of Reserves

The provisions relating to capitalisation of reserves contained in the existing articles of association of the Company have been largely retained except that the capitalisation will only be permitted in terms of the New Articles to the extent that the statutory solvency test

is satisfied and the amounts utilised to capitalise an issue of new shares are required to be deducted from the Company's profits as opposed to any reserve fund.

Accounts

Because the 2006 Act is not unduly prescriptive in terms of accounting, the New Articles require a printed copy of the directors' and auditors' reports accompanied by printed copies of the annual accounts (comprising a profit and loss account and a balance sheet) to be laid before the Company in general meeting.

Amendment to Constitutional Documents

It should be noted that, unlike companies incorporated under the Isle of Man Companies Acts 1931 to 2004 (as amended), the 2006 Act does not require a company subject to its provisions to amend its memorandum or articles of association by special resolution. However, following the Re-registration the New Memorandum and the New Articles may only be amended by special resolution.

Voluntary Winding Up

Unless otherwise provided for in a company's memorandum and articles of association, a 2006 Act company may be wound up voluntarily with the sanction of an ordinary resolution of its members. However, members of a company incorporated under the Isle of Man Companies Acts 1931 to 2004 (as amended) must pass a special resolution to sanction the voluntary winding up of a company. In order to preserve the current voting requirements, the New Articles expressly provide that the Company may only be wound up voluntarily by its members with the sanction of a special resolution.

TAU CAPITAL PLC

NOTICE OF FIFTH ANNUAL GENERAL MEETING

Notice is hereby given that the Fifth Annual General Meeting of Tau Capital PLC (the "Company") will be held at IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP on 24 July 2012 at 9.00 am for the following purposes:

ORDINARY BUSINESS

To consider and, if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

- Resolution 1** To receive and adopt the annual report and audited accounts of the Company for the year ended 31 December 2011, together with the Directors' and Auditor's reports thereon.
- Resolution 2** To re-appoint Deloitte LLP as auditors of the Company.
- Resolution 3** To authorise the Directors to determine the remuneration of Deloitte LLP as auditors of the Company.
- Resolution 4** To re-appoint as a Director Mr Richard Horlick who retires by rotation at the commencement of the 2012 Annual General Meeting and submits himself for immediate reappointment to the Board.
- Resolution 5** To appoint as a Director Mr Terence Mahony.
- Resolution 6** To appoint as a Director Mr Nicholas Paris.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, of which resolutions 7 and 8 will be proposed as ordinary resolutions and resolutions 9 and 10 will be proposed as special resolutions:

- Resolution 7** That the Investing Policy of the Company be amended as follows:
- (a) no new investments in Private Equity investments (as defined in the Company's admission document dated 3 May 2007) will be made with effect from the date of the meeting;
 - (b) no new investments in Public Equities (as defined in the Company's admission document dated 3 May 2007) will be made by the Manager (as defined in the Company's admission document dated 3 May 2007) on behalf of Tau (Cayman) LP with effect from the date of the meeting without the prior approval of the Board;
 - (c) the sale of the liquid part of the portfolio of Public Equities will be implemented within a period of three months;

- (d) the sale of the remainder of the portfolio of Public Equities will be implemented within a period of three to six months; and
- (e) the sale of the portfolio of Private Equity investments will be implemented within a period of 12 to 24 months,

in the case of (c), (d) and (e) the periods starting as from the date that a new investment manager is appointed, provided that the Board shall have the discretion to extend further any such period as appropriate in respect of any specific investment.

Resolution 8 That, conditional on Resolution 7 set out above being passed, the existing Management Agreement be terminated and the Company enters into a new investment management agreement with a successor investment manager to be determined by the Board to implement the new investing policy.

Resolution 9 That:

- (a) the Company be re-registered as a company incorporated under the Companies Act 2006 (the “2006 Act”);
- (b) the Company adopts the memorandum of association complying with section 149(2) of the 2006 Act in the form initialled by the Chairman of the meeting; and
- (c) the Company adopts the articles of association in the form initialled by the Chairman of the meeting.

Resolution 10 That, conditional upon Resolution 9 set out above not being passed, the Company generally be and is hereby authorised for the purposes of Section 13 of the Companies Act 1992 to make market purchases (as defined in Section 13(2) of the said Act) of ordinary shares of £0.01 each in the capital of the Company (“Ordinary Shares”) provided that:

- (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 14.99 per cent of the Company’s issued share capital as at the date hereof;
- (b) the minimum price which may be paid for such Ordinary Shares is the nominal amount thereof;
- (c) the maximum price (exclusive of expenses) which may be paid for such Ordinary Shares shall be 5 per cent above the average of the middle market quotations taken from the London Stock Exchange’s FTSE AIM All-Share Index for the five business days before the purchase is made;
- (d) the authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the next annual general meeting of the Company and the date which is eighteen months after the date on which this resolution is passed; and

- (e) the Company may make a contract to purchase its own Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own Ordinary Shares in pursuance of any such contract.

By order of the Board

Philip Scales
Company Secretary

29 June 2012

Notes:

1. A member who is entitled to attend and vote at the above-mentioned meeting is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him or her in respect of such shares. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed which, to be valid, must be completed and delivered, sent by post or sent by facsimile to +44 (0) 1624 681392 together with the power of attorney or other authority (if any) under which it is signed (or a certified copy of such authority) to the Company's Registrar, IOMA Fund and Investment Management Limited, IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP so as to arrive not later than 9.00 am on 24 July 2012, being 48 hours before the time of the meeting.
3. Completion and return of a Form of Proxy does not preclude a member from attending and voting in person should they wish to do so.
4. The Company, pursuant to Regulation 22 of the Uncertificated Securities Regulations 2005 (Isle of Man), specifies that only those members registered in the register of members as at 9.00 am on 22 July 2012 (or in the event that the meeting is adjourned, on the register of members 48 hours before the time of any adjournment meeting) shall be entitled to attend or vote at the meeting in respect of the ordinary shares registered in their name at that time. Changes to entries on the register of members after 9.00 am on 22 July 2012 (or, in the event that the meeting is adjourned, on the register of members less than 48 hours before the time of any adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote at the meeting.
5. As at the date of this notice (i) the Company's issued share capital consists of 222,308,464 ordinary shares, all carrying one vote each; and (ii) the total voting rights in the Company are 222,308,464.

