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If you have sold or otherwise transferred all of your Ordinary Shares, please immediately forward this document together with the accompanying Form of Proxy, to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares. If you have sold or otherwise transferred only part of your holding of Ordinary Shares you should retain these documents and consult the person through whom the sale or transfer was effected.

The London Stock Exchange has not itself examined or approved the contents of this document. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority and the AIM Rules are less demanding than those of the Official List of the UK Listing Authority.

This document is not an approved prospectus for the purpose of Section 85 Financial Services and Markets Act 2000, and does not constitute an invitation to subscribe for Ordinary Shares

Shieldtech plc

(incorporated and registered in England and Wales under number 1423125)

**NOTICE OF ANNUAL GENERAL MEETING
ISSUE OF £1,100,000 8% FIXED RATE SECURED LOAN NOTES 2011
ISSUE OF 20,625,000 WARRANTS TO SUBSCRIBE FOR ORDINARY SHARES**

Notice of the Annual General Meeting of the Company to be held at 11.00am on 22 June 2009 at the offices of Seymour Pierce, 20 Old Bailey, London EC4M 7EN is set out at the end of this circular.

Whether or not you propose to attend the AGM, please complete and submit a Form of Proxy in accordance with the instructions printed on the enclosed form. The Form of Proxy must be received not less than 48 hours before the time of the holding of the AGM. The completion and return of the Form of Proxy will not prevent you from attending the AGM and voting in person (in substitution for your proxy vote) should you so wish (and are so entitled).

This document does not constitute an offer to sell or the solicitation of an offer to buy Ordinary Shares in any jurisdiction and should not be distributed directly or indirectly to any persons with addresses in the United States of America (or any of its territories or possessions), Canada, Australia, the Republic of South Africa, Japan or to any corporation, partnership or other entity created or organised under the laws thereof or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement. The Ordinary Shares have not been and will not be registered under the applicable securities laws of the United States, Canada, Australia, the Republic of South Africa or Japan.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

| | |
|---|----------------------------|
| Latest time and date for receipt of Forms of Proxy | 11.00am on 20 June 2009 |
| Annual General Meeting | 11.00am on 22 June 2009 |
| Expected date of Completion of the Investment | 24 June 2009 |
| Expected date for the re-admission of the Company's Ordinary Shares to trading on AIM | Not later than 29 May 2009 |

All references in this document are to London times unless otherwise stated.

DEFINITIONS

The following definitions apply throughout this document and the Form of Proxy unless the context requires otherwise:

| | |
|----------------------------------|--|
| “Admission Document” | the admission document issued by the Company on 19 June 2007; |
| “Aegis” | Aegis Engineering Limited; |
| “AIM” | the AIM operated by the London Stock Exchange; |
| “AGM” or Annual General Meeting” | the annual general meeting of the Company convened at 11.00am on 22 June 2009 at the offices of Seymour Pierce, 20 Old Bailey, London EC4M 7EN; |
| “Bank” or “HSBC” | HSBC Bank plc; |
| “Bank Debenture” | the debentures to be granted in favour of the Bank by each member of the Group as security for the performance of the Company’s obligations under the Bank Facilities; |
| “Bank Guarantee” | the composite guarantee to be entered into in favour of the Bank by the Group as security for the performance of the Company’s obligations under the Bank Facilities; |
| “Bank Facilities” | the Overdraft Facility and the Term Loan Facility; |
| “Bank Security” | the Bank Debentures and the Bank Guarantee; |
| “Board” | the board of directors of the Company; |
| “Company” or “Shieldtech” | Shieldtech Plc; |
| “Directors” | the directors of the Company, whose names are set out on page 6 of this circular; |
| “Existing Articles” | the articles of association of the Company as at the date of this circular; |
| “Form of Proxy” | the form of proxy enclosed with this circular for use in connection with the AGM; |
| “Group” | the Company and the Subsidiaries and “ Group Company ” shall mean any of them; |
| “HOSDB” | Home Office Scientific Development Branch; |
| “Intercreditor Agreement” | the Intercreditor agreement to be entered into between (1) the Bank; (2) the Investors; and (3) the Group; |
| “Investment” | the subscription for the Loan Notes and Warrants by the Investors; |
| “Investors” | Bruce Gordon, Steven Jenkins and Derek James and “ Investor ” shall mean any of them; |

| | |
|---|--|
| “Lead Noteholder” | Bruce Gordon or such other person as holds more than 50% in nominal value of the Loan Notes originally held by Bruce Gordon as are then outstanding; |
| “Loan Note Debentures” | the debentures to be granted in favour of the holders of the Loan Notes by each of the Group Companies as security for the performance of the Company’s obligations under the Loan Notes; |
| “Loan Note Guarantees” | the guarantees and indemnities to be granted in favour of the holders of the Loan Notes by each of the Subsidiaries as security for the performance of the Company’s obligations under the Loan Notes; |
| “Loan Note Instrument” | the instrument constituting up to £1,100,000 8% fixed rate secured loan notes 2011 details of which are set out in paragraph 1 of Part 2 of this circular; |
| “Loan Notes” | the loan notes to be issued pursuant to the Loan Note Instrument; |
| “Loan Note Security” | the Loan Note Guarantees and the Loan Note Debentures; |
| “New Articles” | has the meaning set out in paragraph 5 of Part 3 of this circular; |
| “Ordinary Shares” | the 52,788,223 ordinary shares in the capital of the Company, having a nominal value of 1p each; |
| “Overdraft Facility” into between (1) HSBC; and (2) the Group; | the £250,000 sterling net overdraft facility to be entered |
| “Refinancing” | the refinancing of the Group’s existing banking facilities with the Bank details of which are set out in paragraph 7 of Part 1 of this circular; |
| “Registrar” | Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, BR3 4TU; |
| “Subsidiaries” | Aegis and Aegis Engineering Holdings Limited and “Subsidiary” shall mean any of them; |
| “Subsidiary”, “Subsidiary Undertaking”, “Associated Undertaking” and “Undertaking” | have the meanings respectively ascribed to them in the Companies Act 2006; |
| “Term Loan Facility” | the £900,000 LIBOR term loan facility to be entered into between (1) HSBC; and (2) the Group; and |
| “Warrants” | the Warrants to subscribe for Ordinary Shares, to be issued by the Company to the Investors details of which are set out in paragraph 2 of Part 2 of this circular. |

PART 1
Shieldtech plc

(incorporated and registered in England and Wales under number 1423125)

Directors: **Timothy Redmayne Wightman** (Non-Executive Chairman)
 Anthony Arthur O'Neill (Chief Executive Officer)
 Robert William Denton (Group Finance Director)
 Sir Keith Povey (Non-Executive Director)
 Adrian Effland Bradshaw (Non-Executive Director)

Registered Office: **5 Chesford Grange**
 Woolston
 Warrington
 Cheshire
 WA1 4RQ

29 May 2009

To the holders of Ordinary Shares (and for the purposes of information only to the holders of options and warrants in respect of Ordinary Shares).

Notice of Annual General Meeting
Issue of £1,100,000 8% Fixed Rate Secured Loan Notes 2011
Issue of Warrants to subscribe for 20,625,000 Ordinary Shares

Dear Shareholder,

1 INTRODUCTION

The Board announced today that Shieldtech proposes to raise £1.1 million, before expenses, by the issue of Loan Notes. It also proposes to issue Warrants to subscribe for 20,625,000 Ordinary Shares at an exercise price of 6 pence per Ordinary Share. As described below, the issue of the Loan Notes and of the Warrants is conditional on, inter alia, Shareholder approval at the Annual General Meeting convened for 11.00am on 22 June 2009. The purpose of this document is to provide you with information on the Investment and further details are set out in paragraph 6 of this letter.

2 BACKGROUND

In the Report and Accounts for the year ended 30 June 2008, which accompany this letter, I reported on the disappointing results for the year and the Operating Loss of £0.7 million before amortisation of intangible fixed assets, share based payments and the charge for the impairment of goodwill. This was the Group's first financial year following admission to AIM in July 2007. The business we acquired at admission suffered in the first half of that period from weak demand in the UK. Activity levels generally across our market sector were slower than expected owing to the introduction of new ballistic protection standards by the HOSDB. While we had anticipated some disruption in demand in the Admission Document, the publication of the new standards was delayed and subsequent testing by police forces of garments made to the new standards was more prolonged than we had expected. The Board believes that consequently UK police forces deferred placing orders. We were pleased to win a major contract to supply an overseas defence customer.

In the Interim Results for the six months ended 31 December 2008, which also accompany this letter, I am pleased to report an improved trading performance. Sales at just over £5 million were approximately 105% higher than in the corresponding period to 31 December 2007. The Operating Profit of £0.2 million before amortisation of intangible fixed assets and share based payments compared to the Operating Loss in the corresponding period of £0.6 million before amortisation of intangible fixed assets and share based payments.

During that six month period we concentrated on developing new products which address customers' concerns for the comfort and wearability of body armour systems; and designed a new range of products which addresses such issues as thermal conductivity and user perceptions of temperature and humidity. These new products have the potential to meet the requirements of opportunities globally, not just in the UK. Much of this development has been validated scientifically in conjunction with a leading UK university under a knowledge transfer partnership program. In parallel we continue to expand our range of ballistic, knife and spike protection panels and Aegis now has nineteen product accreditations to the 2007 HOSDB standard.

We have also strengthened our export sales structure and a network of agents and distributors is being developed, mainly across Europe and the Middle East, where markets offer the potential of substantial contracts, the requirements of which are met by our new products. In February 2009 Aegis achieved accreditation status with the United Nations and is now qualified to participate in certain tenders conducted under UN auspices.

Current trading and prospects are covered in paragraph 4 of this letter.

3 REASONS FOR THE PROPOSALS

In May 2008, the Bank reduced the Group's overdraft facility in response to the losses made to that date and indicated its requirement for additional finance to be injected into the business in order to ensure the Bank's continued support.

Since then the Group has returned to a profitable level of trading, has managed its financial affairs robustly, particularly as regards working capital, and has operated within the reduced overdraft facility. The Company has been engaged for some months in discussions with the Bank and other parties concerning an injection of additional finance into the business. Throughout this period the Bank has continued to provide working capital support to enable the discussions to be completed.

The proposed issue of Loan Notes will further improve the Company's financial position and provide, with the Bank's ongoing support, the working capital required by the Group. The Bank has offered, conditional upon, among other things, completion of the Investment, to provide new banking facilities to the Group. Without the additional funding from the Investment, the Board believes the Bank could withdraw its support which could, in the absence of alternative funding being secured, put the continuity of the business in jeopardy.

Against this background, the Board is pleased to announce the Investment which they believe will improve the financial position of the Company and should enable the Board to continue to develop the business and thereby safeguard and increase Shareholder value in the medium to long term.

4 CURRENT TRADING AND PROSPECTS

We have maintained the progress in terms of sales revenue that we achieved in the first half of the financial year. The Board expects an improved trading performance in the year to June 2009. The euro:£ exchange rate has a major impact on our material costs, however, as we believe it does for our competitors in the UK market and this has affected gross margins adversely. In response we have increased our selling prices as well as maintaining a tight control on overhead costs to assist profitability.

It is expected that the contract for the supply of certain body armour systems for the Metropolitan Police will be put out to tender this autumn. Aegis is one of four companies qualified to participate in pre-tender discussions during which new products have been developed for review. The results of this tender may have an influence on the procurement strategies of other UK police forces, which will have the option of purchasing under the Metropolitan Police framework agreement or may choose to continue with their own framework agreements and contracts. Aegis is monitoring the situation carefully and expects to have products available to meet both eventualities.

With a more secure financial base, the Board is confident that the Group will be able to capitalise on some exciting opportunities. We have laid the groundwork, internally and with key suppliers, to be ready to present new, innovative, cost effective solutions, to existing customers and to new prospects in the UK and overseas.

5 THE INVESTORS

The background to the Investors is as follows:

- **Bruce Gordon** – From 2001 to 2008 he was a senior partner of Deloitte LLP responsible for the southern region. His clients included a number of FTSE100 and FTSE350 companies. He was a member of the UK board of partners and served on various board committees. Prior to joining Deloitte in 2001 he was the UK regional managing partner at Arthur Andersen. He is the founder of Thames Valley Capital Limited, a company which advises venture capital funds.
- **Steven Jenkins** – He was a founder and major shareholder of Aegis and a member of its senior management team from 1990 until he sold part of his shareholding to other members of the Aegis management team and retired from the management in 2004. He sold his remaining shares to Shieldtech at the time of the Admission. He is currently a 9.3% shareholder in Shieldtech.
- **Derek James** – is a private individual.

6 DETAILS OF THE INVESTMENT

6.1 Loan Notes

It is proposed that the Company enter into the Loan Note Instrument to create £1,100,000 8% fixed rate secured loan notes 2011 and that these be issued to the Investors in the following proportions:

| Investor | Number of Loan Notes to be issued |
|-----------------|--|
| Bruce Gordon | 800,000 |
| Steven Jenkins | 200,000 |
| Derek James | 100,000 |

The Loan Notes will be secured by debentures granted by each Group Company and guarantees and indemnities granted by the Subsidiaries. The Loan Notes and the Loan Note Security are subject to the terms of the Intercreditor Agreement and the Loan Notes are subordinated to the Bank.

The Loan Notes contain a right to appoint a director. It is proposed that on completion of the Investment Pommy Sarwal will be appointed as Director.

Pommy Sarwal (aged 58) is a non executive member of the Boards of The Port of London Authority, British Waterways Limited, Infrastructure India plc, Christie Group plc, The Money Portal Limited and Hyde Housing Association. He is Chair of the Audit Committees of The Port of London Authority, The Money Portal Limited and Chatham Historic Dockyard. Previously he was from 2002 – 2006 Corporate Finance Partner at Deloitte & Touche; from 1998 – 2002 Head of the Infrastructure and Utilities industry team at Andersen Corporate Finance; and from 1987 - 1998 he was Corporate Finance partner at Binder Hamlyn and lead client service partner for a number of its publicly listed and large privately held corporate clients.

A summary of the principal terms of the Loan Note Instrument is set out in paragraph 1 of Part 2 of this circular.

6.2 Warrants

It is proposed that the Company issue 20,625,000 Warrants to subscribe for Ordinary Shares of the Company to the Investors in the following proportions:

| Investor | Number of Warrants to be issued |
|-----------------|--|
| Bruce Gordon | 15,000,000 |
| Steve Jenkins | 3,750,000 |
| Derek James | 1,875,000 |

If the Loan Notes are redeemed in their entirety prior to the date falling 6 months from the date of issue of the Warrants then 1 out of every 5 Warrants held by each Investor shall automatically be cancelled.

The Warrants have an exercise price of 6p (subject to certain adjustments) and are exercisable in whole or in part, at any time following the date falling 6 months from the date of issue of the Warrants. The Warrants will lapse to the extent not exercised by the fifth anniversary of the date of issue.

In the event of the full exercise of the Warrants the new Ordinary Shares thereby created would represent 28.1% of the Company's enlarged share capital.

A summary of the principal terms of the Warrants is set out in paragraph 2 of Part 2 of this circular.

7 DETAILS OF THE REFINANCING

Conditional upon, among other things, completion of the Investment, the Bank has offered to provide Bank Facilities comprising:

- 7.1 a £250,000 sterling net Overdraft Facility; and
- 7.2 a £900,000 LIBOR Term Loan Facility.

The Bank Facilities will be secured by debentures granted by each Group Company and a composite guarantee to be entered into by each Group Company.

The Bank Facilities and the Bank Security are subject to the terms of the Intercreditor Agreement and are ranked ahead of the Loan Notes and the Loan Note Security.

8 COMPLETION

It is anticipated that, subject to the passing of the resolutions, completion of the Investment and Refinancing will take place on 24 June 2009.

9 INFORMATION ON THE COMPANY

9.1 Late accounts

In view of the short term renewal of overdraft facilities by the Bank, until the appropriate funding could be confirmed, the Directors were not able to evidence the availability of the funding necessary for the business as a going concern for the purposes of the Report and Accounts for the year ended 30 June 2008, which should have been distributed to Shareholders by 31 December 2008.

9.2 Late AGM

Since the Report and Accounts for the year ended 30 June 2008 had not been distributed to Shareholders, the Company's Annual General Meeting was delayed until such time as the Report and Accounts could be received and considered by Shareholders, as required by the Companies Act.

9.3 Suspension of trading

Under the AIM Rules, a company that does not publish its Report and Accounts within six months of its year end will have its shares automatically suspended. Since the Company did not publish its Report and Accounts by 31 December 2008 the Company's shares were suspended from trading on AIM as from 2 January 2009, pending publication of its Report and Accounts for the year ended 30 June 2008.

Following the publication today of the Report and Accounts the Board believes that trading in the Company's shares will be restored not later than 29 May 2009.

9.4 Registered Office

The Company has been informed by the Post Office of an error in the postcode allocated to the address of the registered office. The correct postcode is WA1 4RQ, as shown at the top of this letter, replacing the previous postcode, WA1 4SZ.

10 AGM

I am also enclosing details of our AGM which we are holding at 11.00am on 22 June 2009 at the offices of Seymour Pierce, 20 Old Bailey, London EC4M 7EN. The formal notice of Annual General Meeting is set out in Part 4 of this circular.

In addition to matters which are normally covered at an annual general meeting the agenda includes the resolutions necessary to approve and implement the Investment and to approve certain changes in the Company's articles of association. An explanation of the resolutions is set out in Part 3 of this circular.

11 ELECTRONIC COMMUNICATION

In order to take advantage of new provisions of the Companies Act 2006, and subject to resolution 7 being passed, we have enclosed with this circular a Shareholder communications letter asking how you would like to receive communications from the Company in future years. Please complete this as appropriate and return it to the Registrar at the address set out in the letter. If you do not elect to receive hard copy documents then, following adoption of the New Articles, documents may be made available for you to view via the Company's website and you will be notified each time documents are made available in this way.

The Shareholder communications letter also invites you to advise us if you would prefer to receive notifications of documents and information communicated via the website and any other documents or information by email. If you do not consent to electronic notification, you will receive hard copy notifications and any other documents or information in the post (unless you have requested hard copy documents).

I would ask you to review the enclosed Shareholder communications letter and also vote in favour of resolution 7 at the AGM. Doing so will give the Company greater flexibility in the way it communicates with its Shareholders whilst maintaining the right of Shareholders to receive hard copy documents if they so request. Receiving your communications electronically offers advantages in terms of speed and convenience. It is a secure method of obtaining your Shareholder documentation and allows the Company to communicate in a more environmentally friendly and cost effective way.

12 RECOMMENDATION

The Board considers the terms of the Investment and the other proposals contained within this circular to be in the best interests of the Company and its Shareholders as a whole and accordingly recommends that you vote in favour of the resolutions at the AGM. The Company has received undertakings from all the Directors, except Adrian Bradshaw, to vote their own beneficial holdings amounting to 808,461 Ordinary Shares in favour of the resolutions, which represent approximately 1.5% of the Ordinary Shares. The Company has received undertakings in respect of an additional 21,056,104 Ordinary Shares amounting to 39.9% of the Ordinary Shares to vote in favour of the resolutions.

Yours sincerely,

Chairman

Inspection of documents

The following documents will be available for inspection at the offices of Seymour Pierce, 20 Old Bailey, London EC4M 7EN from 15 minutes before the AGM until it ends:

- Copies of the executive directors' service contracts
- Copies of letters of appointment of the non-executive directors
- A copy of the proposed new articles of association of the Company and a copy of the existing articles of association marked to show the changes being proposed in resolution 7.

PART 2
FURTHER INFORMATION

1 LOAN NOTE INSTRUMENT

- 1.1 The Loan Notes are repayable by the Company on the second anniversary of their creation or earlier at the Company's option and subject to compliance with the Intercreditor Agreement.
- 1.2 Interest is payable on each three month anniversary of the issue of the Loan Notes, such three month period being an "Interest Period". Interest is calculated at 8% per annum on the basis of a 365 day year and to the extent not paid is compounded semi-annually on each six month anniversary of the issue of the Loan Notes. Where interest is not paid the rate of interest applicable to principal and compounded interest is 9%.
- 1.3 The Loan Notes are transferable to family members, family trusts and certain pension funds, but otherwise are not transferable without the prior written consent of the Company.
- 1.4 The Company gives certain representations and warranties regarding the Company and the Subsidiaries on the date of the Loan Note Instrument, the issue of the Loan Notes and on the first day of each Interest Period.
- 1.5 Breach of warranty potentially gives rise to an event of default and a potential claim for damages against the Company, but damages will not include lost opportunities to direct funds to other investments or loans.
- 1.6 The warranties include warranties in relation to:
- 1.6.1 litigation;
 - 1.6.2 the intellectual property of the Group;
 - 1.6.3 the Group's compliance with environmental law;
 - 1.6.4 the use of dangerous substances by the Group;
 - 1.6.5 the statutory accounts and the management accounts of the Group;
 - 1.6.6 preparation of certain information provided to the Investors;
- In addition certain representations contained in the Bank Facilities are deemed repeated in the Loan Note Instrument.
- 1.7 The Company is not liable to the extent that the fact or matter giving rise to the breach of warranty has been disclosed to the Investors.
- 1.8 The Company gives certain covenants to the holders of the Loan Notes and is also obliged to procure that each Group Company is obliged to comply with those covenants. The covenants comprise:
- 1.8.1 **Positive covenants** – including allowing holders of the Loan Notes and their professional advisers rights of inspection of property, premises and accounting books and records and access to officers. In addition, certain covenants contained in the Bank Facilities are repeated in the Loan Note Instrument.
 - 1.8.2 **Restrictive covenants** – requiring the written consent of the Lead Noteholder to certain actions in respect of the Group including: granting certain security, borrowings; guarantees; sale and leaseback transactions; finance leases; loan and credit transactions; changes of business; mergers and acquisitions; formation of subsidiaries; capital expenditure; material transactions; changes of accounting reference date; changes of auditors; changes of tax residence; changes to memorandum and articles of association; share allotments; share redemptions; declarations or payments of dividends and de-listing.

1.8.3 **Financial covenants** – requiring the Company:

- a) to supply certain financial information to holders of the Loan Notes;
- b) and enabling the Lead Noteholder to:
 - i discuss such financial information with the Company’s auditors in circumstances where they believe that the information is inaccurate or incomplete or there is a breach of the financial covenants; and
 - ii require further investigation by the Company’s auditors (or at his discretion, his own advisers) if he is not satisfied following such discussion or if an event of default has occurred or there is a potential event of default,at the expense of the Company; and
- c) to comply with certain financial tests. These financial covenants are consistent with those set out in the Bank Facilities.

1.8.4 Until the Loan Notes have been repaid a person (or persons) holding a majority in nominal value of all Loan Notes outstanding is entitled to appoint a representative to the Board.

1.8.5 The Loan Notes contain a right to appoint a director. It is proposed that on completion of the Investment Pommy Sarwal will be appointed as Director. Details of Pommy Sarwal can be found in Part 1 of this circular.

1.8.6 The Loan Notes provide for an arrangement fee of 2% of the aggregate value of the Loan Notes to be paid to the holders of the Loan Notes.

1.8.7 The Loan Notes provide for a monthly monitoring fee of £3,000 to be paid to the Lead Noteholder capped at £36,000 per annum (“Monitoring Fee”) save that in the event that any remuneration is paid to Pommy Sarwal an equivalent amount will be deducted from the Monitoring Fee.

1.8.8 The Loan Note Instrument sets out a number of events of default including: non-payment, non compliance, misrepresentation, breach of financial covenants, cross default (including the occurrence of a Termination Event as defined in the £900,000 LIBOR Term Loan forming part of the Bank Facilities and which is continuing, enforcement of security, illegality, repudiation, and a reduction in the overall limit or withdrawal of the £250,000 sterling net overdraft facility other than in each case pursuant to a request of the Company.

1.8.9 If an event of default has occurred the Lead Noteholder is able to direct that amounts outstanding under the Loan Notes are accelerated so as to become immediately due and payable.

1.8.10 The Company may repay any portion (such portion being a multiple of £100,000) of the Loan Notes on one month’s notice to holders of the Loan Notes.

2 WARRANTS

2.1 If the Loan Notes are redeemed in their entirety prior to the date falling 6 months from the date of issue of the Warrants then 1 out of every 5 Warrants held by an Investor shall automatically be cancelled.

2.2 The Warrants are exercisable, in whole or in part, at any time following the date falling 6 months from the date of issue of the Warrants. However, the Company is obliged to make notification of certain re-organisations of the Group and the sale of all or substantially all of the assets of the Company (including the Subsidiaries). In such circumstances, a holder of Warrants is entitled to exercise his Warrants notwithstanding it is prior to the date falling 6 months from the date of issue of the Warrants.

2.3 The Warrants will lapse to the extent not exercised by the fifth anniversary of the date of issue.

2.4 The minimum number of Warrants that can be exercised at any one time is 2,000,000 by Bruce Gordon, 500,000 by Steven Jenkins and 250,000 by Derek James.

- 2.5 The exercise price is 6p per Ordinary Share.
- 2.6 The exercise price is adjusted in the following circumstances:
- 2.6.1 if the nominal value of the Ordinary Shares is adjusted by reason of consolidation or sub-division of the Ordinary Shares by adjusting the exercise price to take account of the dilution (or consolidation) of the existing share capital;
- 2.6.2 if the Company issues securities or rights in respect of securities (other than or in respect of Ordinary Shares) to Ordinary Shareholders as a class by, at the Company's option:
- a) deducting the fair market value of the rights which would have related to the Ordinary Shares the subject of the Warrant from the exercise price; or
 - b) allowing holders of Warrants to participate in the issue as if they were the holders of the Ordinary Shares to which their Warrants relate;
- 2.6.3 if Ordinary Shares (or securities equivalent to Ordinary Shares) are issued at a discount (by way of rights issue to existing holders of Ordinary Shares or otherwise) by effectively applying an equivalent discount to the exercise price;
- 2.6.4 if there is a capitalisation of profits or reserves by reducing the exercise price to take account of the dilution of the existing share capital;
- 2.6.5 if there is a capital distribution, by deducting the fair market value of the distribution which would have related to the Ordinary Shares the subject of the Warrant from the exercise price;
- 2.6.6 if:
- a) securities capable of conversion into Ordinary Shares (or securities equivalent to Ordinary Shares) at a discount are issued; and
 - b) the rights of securities capable of conversion into Ordinary shares (or securities equivalent to Ordinary Shares) are modified so they are capable of conversion into Ordinary Shares (or securities equivalent to Ordinary Shares) at a discount,
- by effectively applying an equivalent discount to the exercise price;
- 2.6.7 if Ordinary Shareholders as a class are entitled to securities of any other person, by deducting the fair market value of such right which would have related to the Ordinary Shares the subject of the Warrant from the exercise price.
- 2.7 Where the exercise price is adjusted, the number of Ordinary Shares over which the Warrant may be exercised is adjusted proportionately so that the same aggregate exercise price is payable notwithstanding the reduction in the exercise price.
- 2.8 The exercise price is not adjusted by reason of any of securities (including rights, warrants and options) issued, offered, exercised, allotted, appropriated, modified or granted pursuant to:
- a) any employees share option scheme (as defined in section 743 of the Companies Act 2006);
 - b) the enterprise management investment share option scheme adopted by the Company on 13 July 2007;
 - c) the unapproved share option scheme adopted by the Company on 13 July 2007; and
 - d) the warrants issued to Timothy Wightman, Adrian Bradshaw and Anthony O'Neill on or around 13 July 2007.
- 2.9 The Warrants are freely transferable and are not linked to the Loan Notes.

PART 3

EXPLANATION OF RESOLUTIONS

1 **Resolution 2: Appointment of Pommy Sarwal**

The person holding a majority of the Loan Notes outstanding is entitled to appoint a representative to the Board. Subject to the approval of the Investment under resolution 6 the person who will hold the majority of the Loan Notes has nominated Pommy Sarwal as the representative. The appointment is expected to take effect from completion of the Investment.

2 **Resolution 4: Authority to allot shares**

Under the Companies Act 1985, the directors of a company may allot unissued shares only if authorised to do so by the shareholders in general meeting. Resolution 4 renews and extends the Directors' existing authority by authorising the Directors to allot shares up to an aggregate nominal amount of £449,466.81 up to the date immediately preceding the fifth anniversary of the date of the passing of the resolution. This represents 44,946,681 Ordinary Shares of 1p each and is equivalent to approximately 85 per cent of the Company's current issued ordinary share capital. Except in relation to the issue of Ordinary Shares arising from the exercise of Warrants to be issued in connection with the Investment, subject to approval of resolution 6, and from the exercise of options under the Company's employee share option schemes and warrants pursuant to other existing commitments, the Directors have no present intention of issuing any of the authorised but unissued Ordinary Shares of the Company.

3 **Resolution 5: Limited authority to allot shares for cash**

The Directors may allot shares for cash to persons who are not already Shareholders in the Company only if authorised to do so by the Shareholders in general meeting. This resolution gives power for the Directors to allot shares pursuant to the Warrants and otherwise for cash without first offering them to existing Shareholders up to an aggregate nominal amount of £52,788.22. This sum represents 5,278,822 ordinary shares of 1p each, being equivalent to approximately 10 per cent of the current issued share capital.

4 **Resolution 6: Approval of Investment**

It is proposed in resolution 6 to approve the Investment.

5 **Resolution 7: Adoption of new articles of association**

It is proposed in resolution 7 to adopt new articles of association (the "**New Articles**") in order to update the Company's current articles of association (the "**Existing Articles**") to take account of changes in English company law brought about by the Companies Act 2006 as follows:

5.1 Conflicts of Interest

The Companies Act 2006 sets out directors' general duties which largely codify the existing law but with some changes. Under the Companies Act 2006, from 1 October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give the Directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when the Directors decide whether to authorise a conflict or potential conflict. First, only Directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the Directors.

5.2 Electronic communications

Provisions of the Companies Act 2006 which came into force in January 2007 enable companies to communicate with Shareholders by electronic and/or website communications. The New Articles continue to allow communications to Shareholders in electronic form and, in addition, they also permit the Company to take advantage of the new provisions relating to website communications.

Before the Company can communicate with a Shareholder by means of website communication, the relevant Shareholder must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent.

PART 4
Shieldtech plc

NOTICE OF ANNUAL GENERAL MEETING

This year's annual general meeting will be held at 11.00am on 22 June 2009 at the offices of Seymour Pierce, 20 Old Bailey, London EC4M 7EN. You will be asked to consider and pass the resolutions below.

Ordinary Business

To consider and if thought fit pass resolutions 1 to 4 (inclusive) as ordinary resolutions and resolution 5 as a special resolution.

- 1 To receive and consider the Directors' Report and Accounts for the year ended 30 June 2008.
- 2 THAT, subject to and conditional upon the passing of resolution 6, Pommy Sarwal be appointed as a Director of the Company in accordance with the Company's articles of association with effect from completion of the Investment (as defined in Resolution 6 below).
- 3 To re-appoint Grant Thornton UK LLP as auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next general meeting of the Company at which Report and Accounts are laid and to authorise the Directors to determine their remuneration.
- 4 THAT the Directors be generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (as defined in section 80 of the Companies Act 1985 (the "**Act**") up to an aggregate nominal amount of £449,466.81 provided that this authority shall expire on the date immediately preceding the fifth anniversary of the date of the passing of this resolution, except that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred by this resolution had not expired and that this authority shall be in substitution for all previous authorities conferred upon the Directors pursuant to section 80 of the Act but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities.
- 5 THAT, subject to and conditional upon the passing of resolution 4, the Directors be and hereby empowered, pursuant to the authority conferred upon them by the passing of resolution 4 above, to allot equity securities (as defined in section 94 of the Act) for cash as if the section 89(1) of the Act did not apply to any such allotment provide that this power shall be limited to:
 - 5.1 the issue of 20,625,000 Warrants to subscribe for Ordinary Shares to Bruce Gordon, Steven Jenkins and Derek James in accordance with the terms of the Warrants as summarised in Part 2 of the circular to Shareholders accompanying this document (the "**Circular**") a copy of which is produced to the meeting and initialled by the Chairman for the purposes of identification only;
 - 5.2 the allotment (otherwise than pursuant to sub-paragraph 5.1) of equity securities in connection with a rights issue or other pro rata offer in favour of holders of Ordinary Shares in the capital of the Company where the equity securities respectively attributable to the interest of all the Ordinary Shareholders are proportionate (as nearly as may be) to the respective numbers of equity securities held by them subject in each case to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body;

5.3 the allotment (otherwise than pursuant to sub-paragraphs 5.1 and 5.2 above) of equity securities up to an aggregate nominal amount of £52,788.22,

and shall expire on the date immediately preceding the fifth anniversary of the date of the passing of this resolution except that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred by this resolution had not expired.

Special Business

To consider and if thought fit pass resolution 6 as an ordinary resolution and resolution 7 as a special resolution.

6 THAT, subject to and conditional upon the passing of resolutions 4 and 5, the issue of £1,100,000 8% fixed rate secured loan notes 2011 and 20,625,000 Warrants in accordance with the terms of the Loan Note Instrument and Warrants (the "**Investment**") as summarised in Part 2 of the circular (a copy of which is produced to the meeting and initialled by the Chairman for the purposes of identification only) be and it is hereby approved and that the Directors be and they are hereby authorised to enter into and complete the Investment, subject to such immaterial modifications as the Directors may deem appropriate, and to execute, sign and do all such other documents, deeds, acts and things as may be necessary or desirable to complete the Investment.

7 THAT the articles of association produced to the meeting and initialled by the Chairman of meeting for the purpose of identification only be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

29 May 2009

By order of the Board

Robert William Denton

Company Secretary

Registered Office:
5 Chesford Grange
Woolston
Warrington
Cheshire
WA1 4RQ

Registered in England and Wales No. 1423125

Notes

- 1 Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A Shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder. A proxy need not be a Shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice.
- 2 To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, BR3 4TU no later than not less than 48 hours before the time for holding the meeting.
- 3 The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 9 below) will not prevent a Shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
- 4 In accordance with Regulation 41 of the Uncertificated Securities Act 2001 to be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), Shareholders must be registered in the Register of Members of the Company at 6.00pm on 20 June 2009 (or, in the event of any adjournment, 6.00pm on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 11.00am on 20 June 2009. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
10. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
12. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.