

**Regulatory AIM Press release
6 November 2007**

Tawa plc

Acquisition of PXRE Reinsurance Company and Placing

Tawa plc (“Tawa” or “the Company”) the UK-quoted non life run-off consolidator, announces that it has entered into a stock purchase agreement with Argo Group International Holdings, Ltd (“Argo Group”) (Nasdaq GS: AGII) to acquire its Connecticut, USA, subsidiary, PXRE Reinsurance Company (“PXRE”) for an estimated cash consideration of US\$114m. The total consideration may be reduced by any pre-close dividend paid to Argo Group and is subject to adjustment following the calculation of the closing net asset value.

The acquisition would give Tawa its first operation in the US, the largest run-off market in the world and is in accordance with Tawa’s stated consolidation strategy set out at the time of its admission to AIM in July 2007.

PXRE primarily wrote reinsurance of property, marine and aerospace risks with a focus on catastrophe related coverage. Its operations were put into run-off in February 2006 following the downgrading by analysts of the parent of PXRE in 2005 as a result of the 2005 hurricanes in the Gulf.

As at 30 June 2007 PXRE’s undiscounted pro forma net assets were US\$144m and are estimated at US\$148m on a discounted basis after making adjustments, inter alia, for future investment income and future claims handling costs.

Subject to regulatory approval from the Connecticut Department of Insurance and certain pre-closing transfers and adjustments, the acquisition is expected to complete before the end of the first quarter of 2008.

It is intended that the acquisition cost will be financed half through a proposed placing of new Tawa shares with the balance coming from borrowings and existing cash resources. This would require an estimated US\$58m (c.£28m) (not including the expenses of the placing) to be raised through a placing of new shares in Tawa.

Tawa issued its Interim Report on 25 September 2007. At 30 June 2007 its net assets were US\$186m, which was increased by US\$50m following its listing on AIM, to a pro forma total of US\$236m. Pro forma net assets at that date including the acquisition of PXRE as described above would have been US\$317m on the basis that no pre-close dividend is paid and the acquisition is financed half in equity.

Gilles Erulin, Chief Executive Officer of Tawa, commenting on the acquisition stated:

“PXRE is an important acquisition for Tawa, it fits the profile of our target portfolio very well and it demonstrates that Tawa can seize growth opportunity in non-European markets. We are confident that our ability to provide a liquid exit route for owners of run-off operations, places us well to effect further value enhancing acquisitions.”



Enquiries:

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Acquisition agreement

The agreement is subject to certain conditions including receipt of regulatory approvals, completion of certain pre-closing transfers and adjustments, the commutation of certain intra-group reinsurance agreements between PXRE and the Argo Group and no material breach of warranty prior to completion. Both Argo and Tawa have a right under certain circumstances not to complete the acquisition subject to payment of a break fee of a maximum amount of US\$5 million. Tawa has the benefit of certain warranties and indemnities, including in relation to tax, subject to limitations in respect of time and quantum. The agreement is governed by New York law.

The placing

It is anticipated that KBC Peel Hunt, Tawa's nominated adviser and broker, will place sufficient new Tawa shares with institutional investors to raise the necessary equity capital in the period before completion.

Financière Pinault, Tawa's majority shareholder, has stated that it confirms that, to the extent that the acquisition is financed by issuing new shares, and to the degree that other investors are not found, Financière Pinault will subscribe for the remaining shares up to a maximum aggregate value of US\$70m provided that the price per share does not exceed 150p. Financière Pinault has agreed to do this for no consideration.

Based on an assumed placing to raise US\$60m (including the expenses of the placing), the closing mid market price of 135.5 p of a Tawa share on 2 November 2007 and a US\$:£ rate of 2.0819, approximately 21.25 million new shares (21% of the current issued share capital) would be issued. The actual number of shares to be issued will depend on the actual subscription price. On the basis of these assumptions and that Financière Pinault does not subscribe and is not required to subscribe, its shareholding will fall from 79% to 65% of Tawa's issued share capital. If, however, it did subscribe at a price of 150p per share its shareholding would increase to 82% of Tawa's issued share capital.

The subscription confirmation provided by Financière Pinault is deemed to be a related party transaction in terms of the AIM Rules. If an actual transaction is entered into between Tawa and Financière Pinault with agreed terms and conditions, the Directors (save for Patricia Barbizet, Gilles Pagniez and Loïc Brivezac) will consider, having consulted KBC Peel Hunt Ltd, whether the terms of the commitment are fair and reasonable insofar as Tawa's



shareholders are concerned and if so will approve Financière Pinault's potential subscription for additional Tawa shares pursuant to their commitment.

Extraordinary General Meeting

The Company will be sending out a circular to shareholders convening an Extraordinary General Meeting asking them to vote in favour of a resolution to disapply statutory pre-emption rights in relation to the issue of new ordinary shares which will provide a margin over that required to finance the transaction. The authority will expire at the 2008 annual general meeting of the Company.

Current Trading

The main operating segment of Tawa's business, insurance run-off is performing broadly as expected but, as in previous years, the results from commutation activity in the fourth quarter will have a material bearing on the outcome for 2007.

Notes to Editors:

About Tawa

Tawa plc was formed in 2001 with the purpose of acquiring and managing the run-off, portfolios of non-life insurance and reinsurance companies. It also provides run-off related services through a dedicated subsidiary, Tawa Management.

As a consolidator of the non-life run-off market, Tawa's strategy is to acquire companies and portfolios in run-off in the UK, US, continental Europe, Bermuda, Australia and elsewhere as opportunities arise.

By creating a diversified portfolio of run-off businesses at different stages of the run-off process Tawa will gain economies of scale whilst also enhancing and stabilising earnings.

Since its formation, Tawa has acquired CX Reinsurance Company Limited (CX RE) and KX Reinsurance Company limited (KX RE) and is managing the run-off of these businesses.

In July 2007 Tawa plc was floated on the AIM market.

Further information can be found on the Company's website:

www.tawapl.com

ABOUT ARGO GROUP

Headquartered in Bermuda, Argo Group International Holdings, Ltd. (Nasdaq GS: AGII) is an international underwriter of specialty insurance and reinsurance products in the property and casualty market. Argo Group offers a full line of high-quality products and services designed to meet the unique coverage and claims handling needs of businesses in three primary segments: Excess and Surplus Lines, Select Markets, and International Specialty. Information on Argo Group and its subsidiaries is available at www.argolimited.com.

Legal Notice:



The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which this announcement is released, published or distributed should inform themselves about and observe such restrictions.

No offer, invitation or inducement to acquire shares in Tawa plc ("Tawa" or the "Company") or any other company is made by this announcement. This announcement is not an invitation nor is it intended to be an inducement to engage in investment activity for the purposes of section 21 of the Financial Services and Markets Act 2000.

This announcement includes certain forward-looking statements, which can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "projects", "expects", "intends", "may", "will", "seeks" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements relate to matters that are not historical facts and include statements regarding the Company and its subsidiaries (together the "Group") and its directors' current intentions, beliefs or expectations concerning, amongst other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the Group operates. Forward-looking statements are not an assurance of future performance. All forward-looking statements in this announcement rely on a number of assumptions concerning future events and are subject to known and unknown risks and a number of uncertainties and other factors that may or may not occur in the future, many of which are outside the Company's control that could cause actual results to differ materially from such statements.. Other than in accordance with the Company's obligations under the AIM Rules, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. In addition, any reference in this announcement to the price at which the Company's ordinary shares have been bought or sold in the past or the yield on ordinary shares cannot be relied on as a guide to future performance. Your attention is drawn to Part III and paragraph 3 of Part VI of the Company's AIM Admission Document which is available on the Company's website. These respectively contain a non-exclusive list of risk factors to which the Company is subject and a summary of US laws and regulations.