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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt about the contents of this document, or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, independent financial advisor or other person duly authorised under the Financial Services and Markets Act 2000 if you are taking advice in the United Kingdom, under the Financial Services (Jersey) Law 1998 if you are taking advice in Jersey, or from an appropriately authorised independent financial advisor if you are in a territory outside the United Kingdom or Jersey.

If you have sold or transferred all of your holding of Preference Shares please forward this document, the attached Notice, the accompanying Form of Proxy and the accompanying blackline of the Terms and Conditions to the purchaser or agent through whom the sale was effected for transmission to the purchaser or transferee.

The distribution of this document and/or the accompanying Form of Proxy in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document and/or the accompanying Form of Proxy comes should inform themselves about and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

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**Paragon Resources PLC**  
**(incorporated and registered in Jersey under number 95036)**  
**("Paragon" or the "Company")**  
**Class Meeting of Preference Shareholders**

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Your attention is drawn to the enclosed letter from the Chairman of Paragon which explains why the Company is proposing that a special resolution is passed at the Class Meeting. Before deciding on what voting action to take, you should fully consider all the information in this document. Also enclosed in Part V to this document is a blackline of the Terms and Conditions showing the changes that will be made to the Terms and Conditions if the special resolution is duly passed at the Class Meeting.

Notice of the Class Meeting, scheduled for 17 July 2013 at 12.00 at the offices of Mourant Ozannes, 22 Grenville Street, St Helier, Jersey, JE4 8PX is enclosed with this document and a Form of Proxy for use at the Class Meeting is also enclosed. To be valid, the Form of Proxy should be completed in accordance with the instructions in the Notice of the Class Meeting and printed thereon and returned to Computershare Investor Services PLC, The Pavilions, Bridgwater Rd, Bristol BS99 6ZY as soon as possible but, in any event, so as to be received no later than 12.00 on 15 July 2013. A person who is not a member of the Company but is beneficially interested in Preference Shares held on their behalf by a broker or other intermediary, should complete and send the form in accordance with the instructions provided to them by such broker or other intermediary.

If you hold your Preference Shares in uncertificated form you may use the CREST proxy voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the Notice of Class Meeting set out at the end of this document). Proxies submitted via CREST (under CREST ID 3RA50) must be received by the Company's registrars agent, Computershare Investor Services PLC, not later than 12.00 on 15 July 2013 or, in the case of any adjournment or postponement, not later than 48 hours before the time fixed for the holding of the adjourned or postponed meeting.

Completion and return of a Form of Proxy, or the appointment of a proxy through CREST, will not preclude Preference Shareholders from attending and voting in person at the Class Meeting or any adjournment or postponement thereof if they so wish and are entitled to do so.

A copy of this document is available at the Company's website [www.noventagroup.com](http://www.noventagroup.com). Neither the content of the Company's website nor any website accessible by hyperlinks to the Company's website is incorporated in, or forms part of, this document.

## **IMPORTANT NOTICE**

### **Cautionary note regarding forward-looking statements**

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors' current intentions, beliefs or expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the Group's markets.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Save as required by law or by AIM Rules or the ISDX Rules, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors' expectations or to reflect events or circumstances after the date of this document.

### **References to defined terms**

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at Part IV of this document entitled "Definitions".

All times referred to in this document are, unless otherwise stated, references to London, UK time.

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**PART I**  
**EXPECTED TIMETABLE**  
**OF PRINCIPAL EVENTS**

Publication of this document	21 June 2013
Latest time and date for receipt of Form of Proxy for use at the Class Meeting of Preference Shareholders	12:00 on 15 July 2013*
Class Meeting of Preference Shareholders	12.00 on 17 July 2013
Class Meeting of Preference Shareholders if adjourned due to lack of quorum at the Class Meeting of Preference Shareholders at 12.00 on 17 July 2013	12.00 on 24 July 2013

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\* In accordance with the Company's Articles of Association, if the necessary quorum for the Class Meeting of the Preference Shareholders is not present within 30 minutes of the commencement of the meeting, the meeting will be adjourned to the same place, time and day in the following week. If the Class Meeting of Preference Shareholders is adjourned, the latest time by which the Form of Proxy for use at the Class Meeting may be received shall be 12:00 on 22 July 2013, being 48 hours prior to the time fixed for the adjourned meeting.

**PART II**  
**LETTER FROM THE CHAIRMAN OF**  
**PARAGON RESOURCES PLC**  
*(Incorporated under the Companies (Jersey) Law 1991 (as amended) with Registered Number 95036)*

<i>Directors</i>	<i>Registered Office</i>
Simon Hunt <i>Executive Chairman</i> Declan Sheeran <i>Non Executive Director</i>  (the “ <b>Directors</b> ”)	Third Floor Mielles House La Rue des Mielles St Helier Jersey JE2 3QD Channel Islands

21 June 2013

Dear Preference Shareholder,

### **Class Meeting**

#### **1 Introduction**

You will find enclosed with this letter a notice convening the Class Meeting of Preference Shareholders in the Company to be held at 12.00 on 17 July 2013 at the offices of Mourant Ozannes, 22 Grenville Street, St Helier, Jersey, JE4 8PX for the purpose of considering and, if thought fit, passing the Special Redemption Resolution as set out in the Notice attached to this letter.

The purpose of the Class Meeting and the Special Redemption Resolution is for Preference Shareholders to consider and, if thought fit, approve certain amendments to the Terms and Conditions which were fixed at the time of issue in accordance with article 4(7)(d)(i) of the Articles as subsequently varied by way of a special resolution passed at the class meeting of the Preference Shareholders held on 28 September 2011.

**If the Special Redemption Resolution is passed the Company will be permitted to compulsorily redeem all of the outstanding Preference Shares in consideration for the allotment and issue of new Ordinary Shares and Deferred Shares.** The aggregate number of Ordinary Shares that will be allotted and issued to holders of Preference Shares pursuant to the Special Redemption will be a number equal to the aggregate number of existing issued Ordinary Shares at that time. Accordingly, immediately following completion of the Special Redemption, the holders of Preference Shares will hold, together, 50% of the enlarged issued Ordinary Share Capital of the Company. If passed at the Class Meeting, the Directors intend to take the necessary steps to implement the Special Redemption as soon as practicable following the Class Meeting. As is explained further below, the Deferred Shares will have no economic value.

The Proposed Amendment amounts to a variation of the class rights attaching to the Preference Shares. A blackline of the Terms and Conditions showing the Proposed Amendment is included in Part V of this document. In accordance with the Articles, any variation of the special rights attaching to Preference Shares may be approved by the Preference Shareholders passing a special resolution at a meeting of the Preference Shareholders. Accordingly, the Special Redemption Resolution will be proposed at the Class Meeting as a special resolution.

The Class Meeting will only be quorate (and able to pass the Special Redemption Resolution) if there are present at that meeting (in person or by proxy) two or more Preference Shareholders holding between them at least one-third in nominal value of all of the issued Preference Shares as at the date of the Class Meeting. If the meeting is not quorate, the Articles provide, among other things, that the Class Meeting be adjourned to a place, time and day in the following week and that the quorum at the Adjourned Class Meeting shall be one Preference Shareholder present in person or by proxy (irrespective of the number of Preference Shares held by that Preference Shareholder).

If the necessary quorum is not present at the Class Meeting within 30 minutes of its commencement, the Class Meeting will be adjourned to 12:00 on 24 July 2013 being one week after the time and date of the Class Meeting. The Directors believe there is a reasonable expectation that the necessary quorum **will** be present at the Class Meeting.

#### **2 Background to the Proposed Amendment**

##### *Secured Loan Facility*

The Company’s Ordinary Shares were admitted to trading on AIM on 20 March 2007 and the Preference Shares were admitted to trading on ISDX on 11 April 2011. The Company’s business plan was to develop operations capable of large scale production of tantalum concentrate at the mining concessions it held in Mozambique through a subsidiary company. This was never successfully achieved despite significant capital investment due to a number of factors including on-going engineering and logistical issues. As a result of significantly lower than expected production of tantalum concentrate, both actual and forecast, HAMCM defaulted on the Secured Loan

Facility, which in turn resulted in the Company ceasing to have any management or ownership involvement in its former operations in Mozambique, the Democratic Republic of Congo and South Africa (other than for any Excess Sale Amount). Accordingly the Company and its subsidiaries ceased to be involved in the business of mining, processing and distribution of tantalum concentrate. The process of the disposal of HAMCM is being organised on behalf of Richmond (in its capacity as security trustee of the Secured Loan Facility) by Euro Pacific Canada Inc., a full service IROC registered brokerage headquartered in Toronto, Canada and specializing in foreign markets and securities. As at the date of this document the disposal of HAMCM under the terms of the Secured Loan Facility has not been completed. The Directors have been informed that Richmond now expects the disposal process to be completed by the end of June. As at the date of this document, the Directors do not anticipate that any Excess Sale Amount will be realised.

### *New Investing Policy*

Following the above, the Board faced the choice of either proposing to Shareholders that the remaining group of companies be wound up, or attempting to identify new projects which may in the future provide some return for existing Shareholders and Preference Shareholders. The Board concluded that, in the circumstances in which the Company found itself in, better value for Shareholders and Preference Shareholders could be achieved through adopting a new Investing Policy focussing on the agricultural sector where it believes sources of funding are more readily available if the Company has the appropriate management and Board expertise. The Shareholder approval required to provide the Board with a clear investing mandate and the authorities and flexibility needed to pursue this strategy was obtained at the June 2013 EGM. The Company's name was also changed to Paragon Resources PLC from Noventa Limited at the June 2013 EGM to reflect more clearly the nature of the Company's activities following the approval of the Company's new investing policy at that EGM. Preference Shareholders should refer to the Notice of Class Meeting of the Ordinary Shareholders of the Company, the Notice of Extraordinary General Meeting and the related documents which are enclosed with this document and available at the Company's website, under the Investor Centre, Corporate Documents page. For ease of reference, the following is the Company's Investing Policy with effect from 19 June 2013:

#### **“Investing Policy**

The Directors intend initially to seek to acquire a direct and/or an indirect interest in projects and assets in the agricultural sector. However they will consider opportunities in the wider natural resources sector where these are ancillary or complimentary to the agricultural projects or assets that the Company may acquire in the future. The Company will focus on opportunities in Africa and Asia but will also consider, on a limited basis, possible opportunities anywhere in the world.

The Company may invest by way of purchasing quoted or unquoted shares in appropriate companies, outright acquisition or by the acquisition of assets, including the intellectual property, of a relevant business, or by entering into partnerships or joint venture arrangements or by providing loan funding. Such investments may result in the Company acquiring the whole or part of a company or project (which in the case of an investment in a company may be private or listed on a stock exchange, and which may be pre-revenue), and such investments may constitute a minority stake in the company or project in question. The Company will not have an external investment manager, and investment decisions will be made by the Directors after receiving appropriate professional advice.

The Company may be both an active and a passive investor depending on the nature of the individual investments. Although the Company intends to be a medium to long-term investor, the Directors will place no minimum or maximum limit on the length of time that any investment may be held and therefore shorter term disposal of any investments cannot be ruled out.

There will be no limit on the number of projects into which the Company may invest, and the Company's financial resources may be invested in a number of propositions or in just one investment, which may be deemed to be a reverse takeover pursuant to Rule 14 of the AIM Rules. The Company will carry out an appropriate due diligence exercise on all potential investments and, where appropriate, with professional advisers assisting as required. The Board's principal focus will be on achieving capital growth for Shareholders.

Investments may be in all types of assets and there will be no investment restrictions within the overall policy.

The Company will require additional funding as investments are made and new opportunities arise. The Directors may offer new Ordinary Shares by way of consideration as well as cash, thereby helping to preserve the Company's cash resources for working capital. The Company may in appropriate circumstances, issue debt securities or otherwise borrow money to complete an investment. The Directors do not intend to acquire any cross-holdings in other corporate entities that have an interest in the Ordinary Shares.”

## *Future Prospects*

Although the Company's available cash balances are sufficient for its immediate needs, they are insufficient to enable it to continue in operation for a period of twelve months from the date of this document or to fund its preliminary activities under the new Investing Policy. To remain a going concern, the Company will need to access additional sources of funding which in all likelihood will involve the issue of additional new Ordinary Shares through one or a combination of a placing, an open offer or drawdown(s) on the Equity Finance Facility. The attractiveness of the Company's Ordinary Shares as an investment opportunity will depend on a number of factors, including but not limited to, the quality and experience of its management team, the nature of the projects it identifies and the anticipated return available to Shareholders once preferential claims are discharged. In this latter respect, it is fundamental that the Company has no priority claims on the cash flows it may derive from its future projects other than for claims that arise from those future projects (e.g. trade and other payables) or from the funding of those projects (e.g. project specific loan or other funding). Accordingly, and for the Company to be a viable Investing Company suitable for new equity investment, it is vital that the Company's cash obligations to Preference Shareholders (either in the form of the Preferential Dividend or redemption in cash) are extinguished. If the Company's cash obligations to Preference Shareholders remain in part or in full, the Directors believe that the Company will not be able to raise the additional investment required to implement its Investing Policy and accordingly will not have a viable long term future.

### **3 Proposed Amendment and Special Redemption**

#### *Current Terms and Conditions applicable to the Preference Shares*

The Terms and Conditions currently provide that the Company must pay the Preferential Dividend, subject to the Law, quarterly in arrears, within 10 calendar days of each of 31 March, 30 June, 30 September and 31 December in each calendar year until 11 April 2016, being the Final Maturity Date.

The Final Maturity Date is the date upon which, amongst other things, the Company is obliged, so far as it is able pursuant to applicable law and regulation, to redeem all of the Preference Shares at the Redemption Price (which includes any accrued but unpaid Preferential Dividend).

Amongst other things, the Terms and Conditions further provide that the Company may redeem the Preference Shares at any date prior to the Final Maturity Date at the Redemption Price, such price being payable in either cash or Ordinary Shares of the Company. As at 20 June 2013, the aggregate Redemption Price is approximately US\$4,867,000.

#### *Financial Position of the Company*

As at 20 June 2013 the Company has cash balances of approximately US\$180,000 and the market capitalisation of the Company's Ordinary Shares is approximately \$1,500,000. The Company is accordingly unable to redeem the Preference Shares in cash or Ordinary Shares in accordance with the Terms and Conditions.

#### *Proposed Amendment and Special Redemption*

As explained above, to make the Company a suitable investment opportunity, and to provide both Preference Shareholders and existing Ordinary Shareholders with an opportunity for future returns that may accrue to the Company through the implementation of the Investing Policy, the Directors consider it necessary to settle the Company's obligations in relation to the Preference Shares.

The Company is therefore proposing to alter the terms of the Preference Shares through the Proposed Amendment so as to permit the Special Redemption. Pursuant to the Special Redemption, the Company will redeem the Preference Shares, in full satisfaction of any and all accrued rights, including, without limitation, accrued but unpaid amounts in respect of Preferential Dividends, in consideration for the allotment and issue by the Company to the holders of Preference Shares of new Ordinary Shares and Deferred Shares in the Company.

The aggregate number of Ordinary Shares to be allotted and issued by the Company pursuant to the Special Redemption will be equal to the aggregate number of Ordinary Shares in issue at the date the Company issues the Special Redemption Notice (i.e. and that immediately after the Special Redemption, holders of Preference Shares will together hold 50% of the enlarged Ordinary Share Capital of the Company).

#### *Deferred Shares*

In addition to Ordinary Shares, Deferred Shares will also be allotted and issued to holders of Preference Shares. The purpose of the Deferred Shares is to ensure that the aggregate nominal value of the Company's issued share capital remains the same both before and after the Special Redemption. The aggregate nominal value of all of the Ordinary Shares and Deferred Shares issued pursuant to the Special Redemption will equal the aggregate nominal value of the issued Preference Shares. The Deferred Shares will not carry voting rights or a right to receive a dividend. The holders of Deferred Shares will not have the right to receive notice of any general meeting of the Company, nor have any right to attend, speak or vote at any such meeting. In addition, holders of Deferred Shares will only be entitled to a payment (of an amount equal to the nominal value of such share) on a return of capital or on a winding up of the Company after each of the holders of Ordinary Shares has received a payment of £100,000 in respect of each Ordinary Share. Accordingly, the

Deferred Shares will have no economic value. The Company does not intend to make any application for Deferred Shares to be admitted to trading on any stock exchange. The Company will not issue new share certificates to Shareholders following the Special Redemption.

#### *Timing of Special Redemption*

If the Special Redemption Resolution is approved at the Class Meeting, the Company intends to issue a Special Redemption Notice as soon as practicable thereafter.

*The Special Redemption will be binding on all holders of Preference Shares*

**For the avoidance of doubt, if the Proposed Amendment is approved at the Class Meeting, it will be binding on all holders of Preference Shares irrespective of whether an individual holder votes against or withholds their vote at the Class Meeting. Further, Preference Shareholders are advised that if the Proposed Amendment is approved, the Company intends to issue a Special Redemption Notice as soon as practicable and accordingly the Preference Shares will be redeemed in full shortly following the Class Meeting by the allotment and issue of new Ordinary Shares and Deferred Shares.**

*Number of Ordinary Shares and Deferred Shares to be allotted and issued pursuant to the Special Redemption.*

The precise number of Ordinary Shares and Deferred Shares to be allotted and issued in consideration for the redemption of the Preference Share(s) cannot be determined until such date as the Special Redemption Notice is issued by the Company because it depends on the number of Ordinary Shares in issue at such date. As at the date of this document the Company has 172,237,380 Ordinary Shares in issue and 1,028,075 Preference Shares in issue.

Assuming that there were no further issues of either Ordinary Shares or Preference Shares, upon completion of the Special Redemption a holder of Preference Shares would receive:

**For every one Preference Share: 168 Ordinary Shares and 1,832 Deferred Shares**

The Directors anticipate that the aggregate number of Ordinary Shares and Deferred Shares to be issued pursuant to the Special Redemption would be as follows:

Aggregate number of Ordinary Shares to be issued under the terms of the Special Redemption for all Preference Shares <sup>(1)</sup>	172,237,380
Aggregate number of Deferred Shares to be issued under the terms of the Special Redemption for all Preference Shares <sup>(1)</sup>	1,883,912,620
Aggregate number of Ordinary Shares in issue following the Special Redemption <sup>(1)</sup>	344,474,760
Percentage of enlarged issued Ordinary Share Capital held by Preference Shareholders	50%

1. The actual number of Ordinary Shares and Deferred Shares may be affected by the individual holdings of Preference Shares; fractional Ordinary Shares to be issued under the Special Redemption will be rounded up to the nearest whole Ordinary Share.

The Directors do not anticipate that any new Ordinary Shares will be issued between the date of this document and the date of the Class Meeting.

#### *If the Proposed Amendment is not approved at the Class Meeting*

If the Special Redemption Resolution is not approved at the Class Meeting, the Directors believe that the Company will be unable to raise additional funding to implement its Investing Policy and provide funds for working capital purposes. In this case, the Directors believe they would have no alternative other than to propose to Shareholders at the 2013 AGM that the Company be wound up. If the Company is wound up Preference Shareholders will be highly unlikely to receive any return on their Preference Shares because the Company's outstanding liabilities, as at the date of this document, and anticipated expenditure that would necessarily be incurred up to and including the winding up of the Company exceed the Company's available cash balances.

#### **4 Approval of Special Redemption Resolution**

The Special Redemption Resolution is proposed as a special resolution which means that for it to be passed at least two thirds of the votes cast at the Class Meeting must be cast in favour.



The Class Meeting will only be quorate (and able to pass the Special Redemption Resolution) if there are present at that meeting (in person or by proxy) two or more Preference Shareholders holding between them at least one-third in nominal value of all of the issued Preference Shares as at the date of the Class Meeting. If the meeting is not quorate, the Articles provide, among other things, that the Class Meeting be adjourned to a place, time and day in the following week and that the quorum at the Adjourned Class Meeting shall be one Preference Shareholder present in person or by proxy (irrespective of the number of Preference Shares held by that Preference Shareholder).

If the necessary quorum is not present at the Class Meeting within 30 minutes of its commencement, the Class Meeting will be adjourned to 12:00 on 24 July 2013 being one week after the time and date of the Class Meeting. The Directors believe there is a reasonable expectation that the necessary quorum **will** be present at the Class Meeting.

## **5 Recommendation**

The Board believe that the passing of the Special Redemption Resolution is in the best interests of the Company, the Group and Shareholders as a whole, and is in the view of the Directors, the only viable option by which Preference Shareholders might make a possible future return on their investment because it provides the Company with an opportunity to implement its Investing Policy.

If the Special Redemption Resolution is not passed then the Company is unlikely to represent a sufficiently attractive investment opportunity to allow the Company to raise the additional funding it requires to implement its Investing Policy. In this case, the Directors are likely to propose to Shareholders at the 2013 AGM that the Company be wound up.

Accordingly the Board unanimously recommend that you vote in favour of the Special Redemption Resolution.

## **6 Action to be taken**

You will find enclosed with this letter a Form of Proxy for use by Preference Shareholders at the Class Meeting. Whether or not you intend to be present at the Class Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions in the Notice and printed thereon. To be valid, completed Forms of Proxy must be received by Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and in any event not later than 12.00 on 15 July 2013 or, in the case of any adjournment or postponement of the Class Meeting, not later than 48 hours before the time fixed for the holding of the adjourned or postponed meeting. Completion of a Form of Proxy will not preclude you from attending the Class Meeting and voting in person if you so choose.

If you hold your Preference Shares in uncertificated form you may use the CREST proxy voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the Notice of Class Meeting set out at the end of this document). Proxies submitted via CREST (under CREST ID 3RA50) must be received by the Company's registrars not later than 12.00 on 15 July 2013 or, in the case of any adjournment or postponement, not later than 48 hours before the time fixed for the holding of the adjourned or postponed meeting.

Yours faithfully

**Simon Hunt**  
**Executive Chairman**

**PART III**  
**DIRECTORS AND ADVISERS**

<b>Directors</b>	Simon Dennis Hunt (Executive <i>Chairman</i> ) Declan Anthony Sheeran ( <i>Non-executive Director</i> ) All of whose business address is at the Company's registered office
<b>Company Secretary</b>	FML Corporate Services Limited Third Floor, Mielles House La Rue des Mielles St Helier Jersey JE2 3QD Channel Islands
<b>Registered Office</b>	Third Floor, Mielles House La Rue des Mielles St Helier Jersey JE2 3QD Channel Islands
<b>Company website</b>	<a href="http://www.noventagroup.com">www.noventagroup.com</a>
<b>Nominated Adviser, Corporate Adviser and Broker</b>	Allenby Capital Limited 3 St Helen's Place London EC3A 6AB England
<b>Jersey legal advisors to the Company</b>	Mourant Ozannes 22 Grenville Street St Helier Jersey JE4 8PX Channel Islands

## **PART IV DEFINITIONS**

The following definitions apply throughout this document, unless the context requires otherwise:

<b>“Adjourned Class Meeting”</b>	the Class Meeting of the Preference Shareholders of the Company to be held on 24 July 2013 at 12.00 if the Class Meeting is adjourned due to a lack of quorum
<b>“2013 AGM”</b>	the 2013 Annual General Meeting of the Company, expected to be held in August or September 2013
<b>“AIM”</b>	AIM, a market operated by the London Stock Exchange
<b>“AIM Rules”</b>	together, the rules published by the London Stock Exchange governing the admission to, and the operation of, AIM for companies (including the guidance notes thereto) and the rules published by the London Stock Exchange from time-to-time for Nominated Advisers
<b>“Articles”</b>	the articles of association of the Company for the time being which can be viewed at the Company’s website, <a href="http://www.noventagroup.com">www.noventagroup.com</a>
<b>“Board”</b>	the collective body of the Directors of the Company from time to time
<b>“Cash Redemption”</b>	the redemption of the Preference Shares for the Redemption Price in cash in accordance with the Terms and Conditions
<b>“Class Meeting”</b>	the Class Meeting of the Preference Shareholders of the Company to be held on 17 July 2013 at 12.00 and including any adjournment or postponement thereof
<b>“Company” or “Paragon”</b>	Paragon Resources Plc, formerly Noventa Limited
<b>“CREST”</b>	the relevant system for paperless settlement of share transfers and the holding of shares in uncertificated form, which is administered by Euroclear UK & Ireland Limited
<b>“Deferred Shares”</b>	the deferred shares of £0.0005 each in the Share Capital of the Company
<b>“Directors”</b>	the directors of the Company as at the date of this document whose names are set out on in Part III of this document
<b>“Equity Finance Facility”</b>	the equity finance facility provided by Darwin Strategic Limited for up to £5.0m (subject to certain limited restrictions) as announced by the Company on 1 March 2013
<b>“Excess Sale Amount”</b>	the proceeds of any sale of HAMCM for a sum greater than the outstanding amount of the Secured Loan Facility, such amount currently anticipated by the Directors to be US\$ nil
<b>“Final Maturity Date”</b>	11 April 2016, being the redemption date, subject to the Law, of the Preference Shares as set out in the Terms and Conditions
<b>“Form of Proxy”</b>	the form of proxy for use by Preference Shareholders in connection with the Class Meeting which accompanies this document
<b>“Group”</b>	Paragon and its 100% direct and indirect subsidiary undertakings as at the date of this document, being Highland African Mining Company Limited and Speciality Minerals Corporation Limited

<b>“HAMCM”</b>	HAMC Minerals Limited, a company incorporated in Jersey under number 111407 and a wholly owned indirect subsidiary of Paragon until 25 March 2013
<b>“IIROC”</b>	the Investment Industry Regulatory Organisation of Canada, further details of which, including its role and mandate, can be obtained from its website, <a href="http://www.iiroc.ca">www.iiroc.ca</a>
<b>“Investing Policy”</b>	the investing policy adopted by the Company from 19 June 2013, further details of which are set out in Part II of this document
<b>“ISDX”</b>	the ISDX Growth Market operated by ICAP Securities and Derivatives Exchange Limited
<b>“ISDX Rules”</b>	the ISDX Growth Market Rules for Issuers that set out the obligations and responsibilities in relation to companies whose shares are admitted to ISDX as published and amended by ICAP Securities and Derivatives Exchange Limited from time to time
<b>“June 2013 EGM”</b>	The adjourned Extraordinary General Meeting of the Ordinary Shareholders of the Company held on 19 June 2013 at 13.00
<b>“Law”</b>	Companies (Jersey) Law 1991 (as amended)
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Memorandum”</b>	the memorandum of association of the Company for the time being
<b>“Notice of Class Meeting” or “Notice of the Class Meeting of Preference Shareholders” or “Class Meeting Notice” or “Notice”</b>	the notice of the Class Meeting of Preference Shareholders of the Company to be held on 17 July 2013 at 12.00, or any adjournment thereof, which is set out at Part VI of this document
<b>“Ordinary Shares”</b>	ordinary shares of £0.0005 each in the capital of the Company
<b>“Ordinary Share Capital”</b>	the share capital of the Company represented by Ordinary Shares
<b>“Preference Shares”</b>	convertible, redeemable preference shares of £1.00 each in the Share Capital of the Company
<b>“Preference Shareholder(s)”</b>	holders of Preference Shares
<b>“Preferential Dividend(s)”</b>	the annual dividend of US\$0.4218 per Preference Share, payable quarterly, due on the Preference Shares as set out in the Terms and Conditions
<b>“Proposed Amendment”</b>	the proposed amendment to the Terms and Conditions being the subject of the Special Redemption Resolution
<b>“Redemption Price”</b>	the original Preference Share issue price of US\$4.218 per Preference Share plus any accrued but unpaid Preferential Dividends payable thereon
<b>“Richmond”</b>	Richmond Partners Master Limited, whose registered office is Uglan House, 113 South Church, PO Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies
<b>“Secured Loan Facility”</b>	the secured loan facility granted by Richmond to HAMCM and described in the Company’s announcement of 23 November 2012
<b>“Shareholder(s)” or “Ordinary Shareholder(s)”</b>	holder(s) of the Ordinary Shares
<b>“Special Redemption”</b>	the redemption by the Company of all of the outstanding Preference Shares in

consideration for the allotment and issue by the Company of Ordinary Shares and Deferred Shares on the terms set out in the Terms and Conditions as amended by the Proposed Amendment

**“Special Redemption Notice”**

the notice to be issued by the Company to holders of all Preference Shares to compulsorily redeem the Preference Shares under the terms of the Special Redemption, such notice being binding on all holders of Preference Shares

**“Special Redemption Resolution”**

the special resolution, as set out in the Notice in Part VI of this document, which, if approved at the Class Meeting, will amend the Terms and Conditions

**“Terms and Conditions”**

the terms and conditions attaching to the Preference Shares which were fixed at the time of issue and subsequently varied by way of a special resolution passed by the Preference Shareholders at a class meeting held on 28 September 2011

**“United Kingdom” or “UK”**

the United Kingdom of Great Britain and Northern Ireland

**“\$” or US\$”**

the United States Dollar

**“uncertificated” or “in uncertificated form”**

shares recorded on the register of members of the Company as being held in uncertificated form in CREST, entitlement to which by virtue of the CREST Regulations, may be transferred by means of CREST

**PART V**  
**BLACKLINE OF THE PROPOSED CHANGES TO THE TERMS AND CONDITIONS OF THE PREFERENCE SHARES**  
**REDEEMABLE CONVERTIBLE PREFERENCE SHARES**

**1. INTERPRETATION**

1.1 In these Conditions the following terms and expressions have the following meanings:

**Articles of Association** means the articles of association of the Company as modified from time to time.

**Auditors** means the auditors of the Company appointed pursuant to Article 31 of the Articles of Association.

**Business Day** means a day (not being a Saturday or Sunday) on which banks generally are open for business in London and Toronto.

**Company** means Noventa Limited a company incorporated in Jersey with registered number 95036.

**Conditions** means these terms and conditions of the Convertible Preference Shares.

**Conversion** means the conversion of a Convertible Preference Share in accordance with Condition 7, and **Convert, Converting** and **Converted** shall have a corresponding meaning.

**Converting Holder** has the meaning given to that term in Condition 6.1.

**Conversion Date** has the meaning given to that term in Condition 6.2.

**Conversion Notice** has the meaning given to that term in Condition 6.2.

**Conversion Rate** has the meaning given to that term in Condition 6.1.

**Convertible Preference Shares** means up to 2,822,290 Preference Shares issued on the terms and conditions set out in these Conditions.

**CREST** means the relevant system for paperless settlement of share transfers and the holding of shares in uncertificated form, which is administered by Euroclear UK & Ireland Limited

**Deferred Shares** means fully paid deferred shares in the capital of the Company, currently with a nominal value of £0.0005 each.

**Final Maturity Date** means the date falling on the fifth anniversary of the date of first issuance of the Convertible Preference Shares.

**Holders** means some or all of the holders of the Convertible Preference Shares (as the context may require) and **Holder** means any one of them.

**Issue Price** has the meaning given to that term in Condition 2.

**Law** means the Companies (Jersey) Law 1991.

**London Stock Exchange** means London Stock Exchange plc.

**Minimum Redemption Price** means a sum equal to the Issue Price.

**Ordinary Shares** means fully paid ordinary shares in the capital of the Company, currently with a nominal value of ~~£0.008~~ £0.0005 each.

**Preferential Dividend** has the meaning given to that term in Condition 3.1.

**Preference Shares** means the preference shares of £1.00 each in the capital of the Company and having the rights and being subject to the restrictions as provided for in the Articles of Association.

**Priority Amount** has the meaning given to that term in Condition 4.1.

**Redemption Date** has the meaning given to that term in Condition 8.3;

**Redemption Notice** has the meaning given to that term in Condition 8.3.

**Redemption Price** has the meaning given to that term in Condition 8.4.

**Register** means the Company's register of Shareholders or Holders or holders of other Securities (as the case maybe).

**Relevant Number of Deferred Shares** has the meaning given to that term in Condition 8.12

**Relevant Number of Ordinary Shares** has the meaning given to that term in Condition 8.12

**Relevant Stock Exchange** means the AIM market of the London Stock Exchange or the Toronto Stock Exchange, as applicable, or if at the relevant time the Ordinary Shares are not at that time listed and admitted to trading on the AIM market of the London Stock Exchange or the Toronto Stock Exchange, the principal stock exchange or securities market on which the Ordinary Shares are then listed, admitted to trading or quoted or dealt in.

**Securities** includes, without limitation, shares in the capital of the Company, depositary receipts representing shares, or options, warrants or other rights to subscribe for or purchase or acquire shares in the capital of the Company.

**Shareholders** means holders of Ordinary Shares.

**Special Redemption** has the meaning given to that term in Condition 8.11

**Special Redemption Date** has the meaning given to that term in Condition 8.11

**Special Redemption Notice** has the meaning given to that term in Condition 8.11

**Subsidiary** means a 'subsidiary' as that term is defined in the Law.

**Toronto Stock Exchange** means TSX Inc.

- 1.2 Reference in these Conditions to any statute or statutory provision shall include a reference to that provision as amended, extended or re-enacted and to any statutory replacement thereof (either before or after the date hereof) from time to time and to any former statutory provision replaced (with or without modification) by the provision referred to, and shall also include reference to all statutory instruments and orders made pursuant to any such statutory provision.
- 1.3 Reference in these Conditions to the singular includes a reference to the plural and vice versa and reference to the masculine includes a reference to the feminine and neuter and reference to a person shall include a reference to any company as well as any legal or natural person.
- 1.4 The construction of these Conditions is not to be affected by any heading.
- 1.5 A reference to a time of the day is to London time.
- 1.6 A reference to **pounds** or to **£** shall be construed as references to the lawful currency for the time being of the United Kingdom.
- 1.7 A reference to **USD** or to **\$** shall be construed as references to the lawful currency for the time being of the United States of America.

## 2. **ISSUE PRICE:**

The price per Convertible Preference Share is USD4.218 (the **Issue Price**).

## 3. **DIVIDENDS:**

- 3.1 Pursuant to Article 4(7)(a) of the Articles of Association, each Convertible Preference Share shall confer on the Holder thereof a right to receive a fixed preferential dividend on the nominal amount of such Convertible Preference Share at a percentage rate equivalent to ten (10) per cent. per annum of the Issue Price of each such Convertible Preference Share, provided it is fully paid up (the **Preferential Dividend**).

- 3.2 The Preferential Dividend (calculated on an actual number of days elapsed/365 day basis) shall be payable, subject to the Law, quarterly in arrears, within 10 calendar days of each of 31 March, 30 June, 30 September and 31 December in each year until the Final Maturity Date. The Preferential Dividend shall accrue from day to day from the date of issue of the Convertible Preference Shares.
- 3.3 To the extent the Company is not lawfully able to pay the Preferential Dividend when due, then the relevant arrears shall be deferred to the date when it can lawfully be paid in full. To the extent that the Company is in arrears in respect of a Preferential Dividend that has previously become due, it is to pay the amounts outstanding in respect of that first Preferential Dividend before it pays the amounts outstanding in respect of any Preferential Dividend which subsequently becomes due.
- 3.4 If the Company has been unable to pay any Preferential Dividend, at such time as the Company subsequently becomes able to satisfy such obligations, the Company will apply such amounts as are then available in meeting any outstanding amounts due in respect of the Convertible Preference Shares.
- 3.5 Each Convertible Preference Share will cease to accrue the Preferential Dividend from and including any date it is redeemed, converted or repurchased in accordance with these Conditions.
- 3.6 The Preferential Dividend shall be paid in priority to any dividend in respect of any other class of shares in the capital of the Company, other than any such class ranking *pari passu* with the Convertible Preference Shares as respects rights to dividends.
- 3.7 The Convertible Preference Shares shall not confer any further rights of participation in the profits of the Company.

#### 4. RETURN ON LIQUIDATION:

- 4.1 Pursuant to Article 4(7)(b) of the Articles of Association, on a liquidation, winding-up or dissolution of the Company or other return of capital (other than a conversion, purchase or redemption of any Convertible Preference Share or any share of any other class of redeemable shares), the assets of the Company available for distribution among the members shall be applied in repaying to the Holder of each Convertible Preference Share outstanding at the time of such winding-up or return of capital an amount, in priority to a repayment to the holders of any other class of share, equal to the aggregate of the Issue Price and the amount of any accrued and unpaid dividends in respect of such Convertible Preference Share (the **Priority Amount**).
- 4.2 In the event that the assets of the Company available for distribution are insufficient to repay in full the Priority Amount on each Convertible Preference Share, the available assets shall be apportioned pro rata amongst the Holders of the Convertible Preference Shares then in issue according to the amount paid up thereon.

#### 5. VOTING:

- 5.1 Pursuant to Article 4(7)(c) of the Articles of Association, the Holders shall be entitled to receive notice of general meetings of the Company but not to attend or vote thereat unless the business of a meeting includes consideration of a resolution which directly or adversely varies any of the special rights attached to the Convertible Preference Shares, in which case Holders may only vote in respect of such resolution and each Holder shall have one vote for each Ordinary Share into which the Convertible Preference Share held by such Holder may at such time be Converted.

#### 6. CONVERSION:

- 6.1 Pursuant to Article 4(7)(e) of the Articles of Association, subject to and as provided in these Conditions, each Holder (being a **Converting Holder**) shall be entitled (subject to any applicable fiscal or other law or regulation) at any time prior to the Final Maturity Date (subject to Condition 6.5) to elect to convert, in whole all or in part, its holding of Convertible Preference Shares into Ordinary Shares at a rate of 1 Ordinary Share for each Convertible Preference Share (subject to adjustment in accordance with the Conditions) (such rate as adjusted from time to time, the **Conversion Rate**), provided as follows:
- (a) a Converting Holder may not convert at any time an aggregate holding of Convertible Preference Shares of less than 10,000 Convertible Preference Shares; and
  - (b) if a Conversion Notice (as defined below) is given in respect of part only of a holding of Convertible Preference Shares so that there would following the Conversion remain a number of Convertible Preference Shares in that holding smaller than that required to convert into one Ordinary Share at the Conversion Rate then applicable, all the Convertible Preference Shares in that holding shall be converted notwithstanding the lower figure stipulated in the Conversion Notice.
- 6.2 A Converting Holder shall give notice to the Company of its intention to Convert in accordance with Condition 6.1, such notice to be substantially in the form set out in Schedule One (**Conversion Notice**). A Conversion Notice, once delivered, shall be irrevocable. The requested date of such Conversion shall be the date falling five Business Days following the date the



Conversion Notice is delivered to the registered office of the Company during usual business hours (**Conversion Date**). Any Conversion Notice delivered outside usual business hours will be deemed to have been delivered the following Business Day.

- 6.3 Subject to Condition 6.4, any Holder Converting any of its Convertible Preference Shares is to pay to the relevant authority any taxes and capital, stamp, issue and registration duties arising on Conversion.
- 6.4 The Company is to pay to the relevant authority any taxes or issue, capital, stamp or registration duties (or any like or similar taxes or duties) payable or arising in Jersey or in the place of any Relevant Stock Exchange in respect of the issue, allotment and/or delivery of any Ordinary Shares on Conversion.
- 6.5 A Holder may give a Conversion Notice following the giving of a Redemption Notice by the Company, but such Conversion Notice must be validly given prior to the relevant Redemption Date.
- 6.6 As soon as reasonably practicable following the later of the expiry of the five Business Day notice period set out in the Conversion Notice and subject at all times to its compliance with the Law, the Company shall take all steps necessary to issue or deliver the appropriate number of Ordinary Shares (whether in certificated form or in CREST as determined by the Converting Holder) to the Converting Holder in accordance with the relevant Conversion Notice, and enter the Converting Holder's name in the Register in respect of such Ordinary Shares.
- 6.7 Fractions of Ordinary Shares will not be delivered on Conversion and each Conversion shall be rounded to the nearest whole number of Ordinary Shares.
- 6.8 The board of directors of the Company shall, subject to the requirements of the Law, be entitled to effect any Conversion pursuant to Condition 6.1 of the Convertible Preference Shares by redesignation, redemption and issue of new Ordinary Shares or otherwise as they deem fit.
- 6.9 The Company will procure that Ordinary Shares to be issued and allotted or delivered on Conversion will be issued and allotted or delivered to the Holder or his nominee as specified in the relevant Conversion Notice.
- 6.10 Subject to Condition 6.11, upon the Conversion of a Convertible Preference Share that share shall be cancelled and the Holder (or Holders) thereof shall cease to be entitled to any rights in respect thereof and accordingly the name of such Holder (or, in the case of joint Holders, such Holders) shall be removed from the Register with respect of such share.
- 6.11 Preferential Dividends will be payable upon Convertible Preference Shares in respect of which a Conversion Notice has been delivered up until the relevant Conversion Date and any accrued, but unpaid, Preferential Dividend to such Conversion Date shall be due for payment to the relevant Holder by no later than 3 Business Days following the relevant Conversion Date.
- 6.12 Ordinary Shares issued and allotted upon Conversion will be credited or fully paid and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the relevant Conversion Date.
- 6.13 The Company and any Subsidiary of the Company shall be entitled to exercise such rights as they may from time to time enjoy to purchase or redeem or buy back any of their own securities (including Ordinary Shares) or any depositary or other receipts or certificates representing the same without the consent of the Holders.

## **7. ADJUSTMENTS TO CONVERSION RATE**

The Conversion Rate applicable to each Convertible Preference Share shall be adjusted from time to time upon the occurrence of the matters described in, and in accordance with the requirements stipulated in, the following provisions of this Condition 7.

- (a) If while any Convertible Preference Shares remain capable of being converted into Ordinary Shares, the Ordinary Shares shall be consolidated or sub-divided, then the number of Ordinary Shares to be issued on any subsequent conversion of any Convertible Preference Shares and accordingly the applicable Conversion Rate shall be reduced or increased *pro rata* accordingly, such reduction or increase to become effective immediately after the consolidation or sub-division.
- (b) If while any Convertible Preference Shares remain capable of being converted into Ordinary Shares, the Company shall make any issue of Ordinary Shares by way of capitalisation of profits or reserves (including any share premium account and capital redemption reserve) to the holders of Ordinary Shares, then the number of Ordinary Shares to be issued on any subsequent conversion of any class of Convertible Preference Shares on a conversion date which is after the record date of that allotment shall be, increased and accordingly the applicable Conversion Rate shall be increased *pro rata*, such increase to become effective immediately after the record data for such issue. No increase in the applicable Conversion Rate is to be made when Ordinary Shares

are allotted by way of capitalisation of profits or reserves at the election of a holder of Ordinary Shares instead of all or part of a cash dividend.

- (c) If while any Convertible Preference Shares remain capable of being converted into Ordinary Shares, new Ordinary Shares for which admission to trading on a Relevant Stock Exchange is granted (rights shares) are offered by the Company by way of rights to the holders of Ordinary Shares (an offer by way of rights), the Company has the option, on the making of such offer (exercisable by resolution of the Board) to:
- (i) make a similar offer to each holder of Convertible Preference Shares, as if his Conversion Rights had been exercisable and fully exercised on a conversion date which is immediately before the record date for the offer by way of rights at the Conversion Rate applicable at that conversion date, or
  - (ii) adjust the conversion rate so that the nominal amount of Ordinary Shares to be issued for every £1 in nominal amount of Convertible Preference Shares (and so in proportion for any greater or lesser nominal amount) is increased by an amount equal to:

$$\frac{A \times C}{B + C}$$

where

A = the nominal amount of the rights shares (including a fraction of a rights share) which would have been offered to a holder of Convertible Preference Shares had his rights of Conversion been exercisable and fully exercised on a Conversion Date which is immediately before the record date of the offer by way of rights at the Conversion Rate applicable at that Conversion Date,

B = the pence or cent per share as appropriate at which the rights shares are being offered to the holders of the Ordinary Shares, and

C = the average of the middle-market quotations (derived from the appropriate Relevant Stock Exchange on which the Ordinary Shares ) for the rights shares, nil paid, during the first five trading days of the period in which the rights shares, are dealt in on the Relevant Exchange, nil paid

- (d) If while any Convertible Preference Shares remain capable of being converted into Ordinary Shares, the Company shall make any capital distribution to the holders of Ordinary Shares, then the number of Ordinary Shares to be issued for each Convertible Preference Share capital subsequently converted (and so in proportion for any greater or lesser nominal amount of Convertible Preference Share capital) shall at the option of the Company either (a) be increased by an amount determined to be appropriate by the Auditors whose certificate shall be conclusive and binding on all concerned, or (b) the Holders of Convertible Preference Shares shall be entitled to participate in such capital distribution as if all outstanding Convertible Preference Shares were deemed to have been converted into Ordinary Shares immediately prior to the making of such capital distribution at the Conversion Rate then applicable. The provisions of this Condition 7(d) shall not apply to any offer which falls within Condition 7(c) or Condition 7(e).
- (e) If, while any Convertible Preference Shares remain capable of being converted into Ordinary Shares, an offer (not being an offer falling within Condition 7(d) or Condition 7(e)) is made or an invitation is extended to the holders of Ordinary Shares, the Company shall make or extend or, so far as it is able, ensure that there is made or extended at the same time a similar offer or invitation to each holder of Convertible Preference Shares, as if his rights of Conversion had been exercisable and fully exercised on a Conversion Date which is immediately before the record date for the offer or invitation at the Conversion Rate applicable at that Conversion Date.]
- (f) In the event of:
- (i) a takeover bid or merger transaction being proposed, made or effected (howsoever), including by means of a statutory merger or scheme of arrangement, as a result of which any person or persons acting in concert (as such term is defined in the City Code on Takeovers and Mergers) would hold shares carrying in aggregate 50% or more of the voting rights (as such term is defined in the City Code on Takeovers and Mergers) of the Company if the bid or transaction were completed or became effective or was declared unconditional in all respects (as applicable); or

- (ii) a sale or other disposal by the Company and/or any other subsidiary(ies) of the Company of substantially all of the business and assets of the Company and its subsidiaries (taken as a whole) (each a “Potential Disposal”):
  - (1) the Company shall notify the Holders in writing of the Potential Disposal completing or becoming effective (a “**Disposal Notice**”) no earlier than one month before but not later than five Business Days before the expected date of its becoming so completed or effective which notice shall contain reasonable details of the Potential Disposal, including the entitlements thereunder of the Shareholders, and that the Convertible Preference Shares shall convert to Ordinary Shares automatically immediately prior to the Potential Disposal becoming effective or completing;
  - (2) each outstanding Convertible Preference Share shall automatically convert immediately prior to the Potential Disposal completing or becoming effective into such number of Ordinary Shares as equals.

For the purposes of this Condition 7(f), a Potential Disposal effected by way of a takeover (whether governed by the City Code on Takeover and Mergers or otherwise) an offer shall be deemed to complete on the day prior to such offer becoming unconditional in all respect.

- (g) If a doubt or dispute arises concerning an adjustment of the Conversion Rate in accordance with this Condition 7 the Board shall refer the matter to the Auditors and their certificate as to the amount of the adjustment is conclusive and binding on all concerned.

## **8. REDEMPTION:**

- 8.1 Pursuant to Article 4(7)(d) of the Articles of Association, the Company shall be entitled at any time from, and including, the date 18 calendar months after 11 April 2011 to, and including, the Final Maturity Date (subject to the Law and any applicable fiscal or other law or regulation) to redeem all or any of the Convertible Preference Shares. Any partial redemption pursuant to this Condition 8 must be a redemption of the Convertible Preference Shares owned by all Holders, *pro rata* to their proportionate holdings of Convertible Preference Shares.
- 8.2 Unless previously purchased and cancelled, redeemed or converted as herein provided, the Convertible Preference Shares will, subject to the Law, be redeemed at an amount equal to their Issue Price on the Final Maturity Date.
- 8.3 The Company shall give notice to Holders of its intention to redeem in accordance with Condition 8.1 (**Redemption Notice**). The date of such redemption shall be stipulated in the Redemption Notice, and shall be not less than five Business Days following the date of the Redemption Notice (**Redemption Date**).
- 8.4 The Redemption Notice must stipulate the price for redemption of each Convertible Preference Share (**Redemption Price**), which shall be a dollar amount not less than the Minimum Redemption Price plus all accrued but unpaid Preferential Dividends up to, and including, the Redemption Date.
- 8.5 Subject to Condition 6.5, all Convertible Preference Shares which are the subject of a Redemption Notice shall be redeemed on the relevant Redemption Date, and the Company shall thereafter make payment of the Redemption Price to the relevant Holders as soon as reasonably practicable.
- 8.6 To the extent the Company is not able to redeem Convertible Preference Shares on the Final Maturity Date or any other Redemption Date, the Company shall redeem as many of such Convertible Preference Shares as can lawfully and properly be redeemed on a *pro rata* basis with respect to each Holder's holding of Convertible Preference Shares and the Company shall redeem the balance as soon as it is lawfully and properly able to do so. The Preferential Dividend shall continue to accrue and be payable with respect to the unredeemed Convertible Preference Shares until the date on which such Convertible Preference Shares are redeemed and the Company pays the redemption moneys to the relevant Holder.
- 8.7 If any of the Convertible Preference Shares are held in certificated form, the Holder thereof shall, as soon as practicable upon receipt of a Redemption Notice in respect of such Convertible Preference Shares, return the certificate for such shares to the Company, provided that this shall not apply in the event that the relevant Holder has given a Conversion Notice in accordance with Condition 6.2. If a Holder fails to deliver the certificate for such Convertible Preference Share to the Company by the Redemption Date, the Company shall be entitled to retain the relevant Redemption Price, which shall be paid to the relevant Holder (or, in the case of joint Holders, to the Holder whose name stands first in the Register in respect of the Convertible Preference Shares), if not so specified as the directors may determine, within five Business Days of receipt of the relevant certificate in a form satisfactory to the Directors. No person shall have a claim against the Company of any officer thereof in respect of interest or any retained Redemption Price.

8.8 In respect of Convertible Preference Shares held in uncertificated form, redemption shall be effected if the Company or any sponsoring system participant acting on behalf of the Company receives:

- (a) a properly authenticated dematerialised instruction:
- (i) in the form from time to time prescribed by the directors and having the effect determined by the directors from time to time (subject always, so far as the form and effect of the instruction is concerned, to the facilities and requirements of the relevant system in accordance with the Regulations); and
  - (ii) that is addressed to the Company, is attributable to the system member who is the holder of the Convertible Preference Share(s) concerned and that specifies (in accordance with the form prescribed by the directors as aforesaid) the number of Convertible Preference Shares in respect of which redemption is to be effected, provided always that:
  - (iii) (subject always to the facilities and requirements of the relevant system concerned, the directors may in their discretion permit the holder of any Convertible Preference Share(s) in uncertificated form to redeem such shares by such other means as the directors may approve; and
  - (iv) for the avoidance of doubt, the form of the properly authenticated dematerialised instruction as referred to above may be such as to divest the holder of the Convertible Preference Share(s) concerned of the power to transfer such Convertible Preference Shares to another person pending redemption.

Payment of the redemption monies due to be paid by the Company in respect of any Convertible Preference Share held in uncertificated form and due to be redeemed on the relevant date fixed for redemption and in respect of which a properly authenticated dematerialised instruction shall have been received in accordance with the foregoing shall be made through the relevant system in accordance with the Companies (Uncertificated Securities) (Jersey) Order 1999, as amended from time to time or by such other means permitted by the directors.

8.9 Upon the redemption of a Convertible Preference Share that share shall be cancelled and the Holder (or Holders) thereof shall cease to be entitled to any rights in respect thereof and accordingly the name of such Holder (or, in the case of joint Holders, such Holders) shall be removed from the Register with respect of such share.

8.10 Notwithstanding any of the above provisions of this Clause 8 and subject to the provisions of the Law, the Company may at any time, including, for the avoidance of doubt, during the 18 calendar months after 11 April 2011, make an offer to the Holders of the Convertible Preference Shares to redeem all or any of the Convertible Preference Shares on such terms as the Company may decide provided that such an offer to redeem Convertible Preference Shares must be made to all of the Holders of the Convertible Preference Shares pro-rata or as nearly as may be to their existing holdings of Convertible Preference Shares. The Redemption Price for any such redemption may be satisfied, at the Company's sole discretion, in either cash or by the issue of fully paid Ordinary Shares or by other forms of consideration.

8.11 Notwithstanding any of the above provisions of this Clause 8 and subject to the provisions of the Law, the Company may redeem all (but not some only) of the Convertible Preference Shares pursuant to Clauses 8.11 to 8.13 inclusive (a **Special Redemption**) on any date prior to the Final Redemption Date (any such date being a **Special Redemption Date**) by serving notice in writing on each holder of Convertible Preference Shares (such notice being a **Special Redemption Notice**). Each **Special Redemption Notice** shall specify the **Special Redemption Date** (which must be a Business Day), the **Relevant Number of Ordinary Shares** and the **Relevant Number of Deferred Shares**.

8.12 Pursuant to a **Special Redemption**, each and every Convertible Preference Share shall be redeemed on the **Special Redemption Date** in full satisfaction of any and all rights accrued thereon (including without limitation, any accrued but unpaid Preferential Dividend) immediately upon, and in consideration for, the allotment and issue, by the Company to the Holder of such Convertible Preference Share, of the **Relevant Number of Ordinary Shares** and the **Relevant Number of Deferred Shares**. The **Relevant Number of Ordinary Shares** per Convertible Preference Share is a number equal to the sum of  $X$  divided by  $Y$  where  $X$  is the aggregate number of Ordinary Shares in issue as at the **Special Redemption Date** (immediately prior to the allotment and issue of the **Relevant Number of Ordinary Shares**) and  $Y$  is the aggregate number of Convertible Preference Shares in issue as at the **Special Redemption Date**. The **Relevant Number of Deferred Shares** per Convertible Preference Share is a number equal to the sum of 2,000 minus the **Relevant Number of Ordinary Shares**.

8.13 Upon the redemption of the Convertible Preference Shares by way of a **Special Redemption**:

- (a) all share certificates for the Convertible Preference Shares shall cease to be valid and should be destroyed;
- (b) the Company shall, no later than ten (10) Business Days after the **Special Redemption Date** send by post to the allottees of the Ordinary Shares that it is required to allot and issue to give effect to the **Special Redemption**, certificates in respect of such Ordinary Shares, save that, where Convertible Preference Shares are held in

uncertificated form, the Company shall procure that Euroclear UK & Ireland Limited is instructed to: (i) cancel the entitlement to Convertible Preference Shares of each Holder thereof; and (ii) credit to the appropriate stock account in CREST of the Holder concerned, that Holder's entitlement to Ordinary Shares; and

(c) in accordance with the Articles, no share certificates shall be issued in respect of any Deferred Shares.

## **9. TRANSFER PROVISIONS**

The Convertible Preference Shares may be transferred in the same manner as Ordinary Shares in accordance with the provisions of the Articles of Association.

## **10. UNDERTAKINGS**

10.1 The Company undertakes to the Holders that it will, save with the approval of not less than 75% of the Holders:

- (a) for so long as any Convertible Preference Share remains outstanding, use all reasonable endeavours to ensure that the issued and outstanding Convertible Preference Shares shall be admitted to listing on The PLUS Stock Exchange;
- (b) use all reasonable endeavours to ensure that the Ordinary Shares issued upon exercise of Convertible Preference Shares will, as soon as is practicable (but in no event more than 14 days after issue), be admitted to listing and trading on a Relevant Stock Exchange and will be listed, quoted or dealt in, as soon as is practicable, on any other stock exchange or securities market on which the Ordinary Shares may then be listed or quoted or dealt in and will use all reasonable endeavours to maintain such listing and trading;
- (c) keep available for issue sufficient authorised but unissued share capital free of pre-emption rights to satisfy in full the exercise of all outstanding Convertible Preference Shares and shall maintain sufficient authority to issue Ordinary Shares to satisfy in full the Conversion of all outstanding Convertible Preference Shares without the need to obtain any further consent from any party;
- (d) make available to Holders, at the same time and in the same manner as the same are made available to Shareholders, copies of the audited accounts of the Company (with the relevant directors' and auditor's reports) and copies of all other circulars or notices which are made available to holders of Ordinary Shares;
- (e) not pass a resolution for the voluntary liquidation or winding-up of the Company; and
- (f) not issue a further class of shares or securities, or rights to subscribe for or to convert or exchange any securities into a further class of shares or securities or reclassify any class of shares, if in any such case the new class of shares or securities would rank ahead of the Convertible Preference Shares on a winding up, return of capital or payment of dividends or other distributions.

## **11. GOVERNING LAW**

11.1 These Conditions are governed by, and shall be construed in accordance with, Jersey law.

11.2 The courts of Jersey have exclusive jurisdiction to settle any dispute which may arise out of or in connection with these Conditions.

**Schedule One  
Form of Conversion Notice**

To: Noventa Limited

[Date]

**Convertible Preference Shares**

**convertible into Ordinary Shares of the Noventa Limited (the "Company")**

*Failure to properly and completely deliver this Conversion Notice may result in this Conversion Notice being treated as null and void. Once validly delivered, this Notice is irrevocable.*

**1** I/We, the undersigned, being the holder(s) of the Convertible Preference Shares specified below hereby irrevocably elect to convert such Convertible Preference Shares in accordance with the Conditions of the Convertible Preference Shares into Ordinary Shares.

The total Convertible Preference Shares and, where applicable, certificate numbers of Convertible Preference Shares to which this Conversion Notice applies.

Total number of Convertible Preference Shares to be converted (minimum 10,000):

.....  
Certificate numbers of Convertible Preference Shares, if in certificated form:

If necessary, the certificate numbers of Convertible Preference Shares can be attached separately.

The requested Conversion Date is:.....

**2** I/We request that the Ordinary Shares to be issued on conversion of the Convertible Preference Shares mentioned above be registered in the name(s) of the person(s) who is/are\* named below (see Note 1):

1 Name [•]  
Address [•]

2 Name [•]  
Address [•]

3 Name [•]  
Address [•]

4 Name [•]  
Address [•]

Dated: [•]

Signature: [•]

PRINT NAME(S)

**IN THE CASE OF ORDINARY SHARES TO BE DELIVERED IN UNCERTIFICATED FORM THROUGH CREST**

I/We hereby request that:

the Ordinary Shares to be delivered in pursuance of this Conversion Notice to be credited to the CREST account, details of which are set out below.

CREST Participant Account Number: .....

CREST Member Account ID: .....

CREST Account Contact Name: .....

Phone Number: .....

Address: .....

I/We hereby request that any payment of unpaid Preferential Dividend required to be made pursuant to Condition 6.11 of the Convertible Preference Shares be transferred to the U.S. dollar account details in respect of which are given below (delete as applicable):

Account no: .....

Account name: .....

Bank: .....

Branch: .....

SWIFT Code: .....

N.B.

- (i) This Conversion Notice will be void unless the introductory details and Sections 1 and 2 are completed.
- (ii) Your attention is drawn to Condition 6 of the Bonds with respect to the conditions relating to Conversion.
- (iii) Conversion is subject to any applicable fiscal or other laws or regulations applicable in the jurisdiction where the specified office of the Company to whom this notice is delivered is located.
- (iv) This Conversion Notice may be completed by or on behalf of the Holder.
- (v) Terms used in this Conversion Notice and not otherwise defined have the meanings set forth in the Conditions of the Convertible Preference Shares dated 11 April 2010.

**3** [The relevant certificates in respect of Convertible Preference Shares to be converted are attached hereto.

Dated: .....

Name of Holder: .....

Signature: .....**[To be used if Convertible Preference Shares are in certificated form]**

**4** I/We hereby represent and warrant that the Convertible Preference Shares to which this Conversion Notice relates are free from all liens, charges, encumbrances or any other third party rights and that the person(s) named in section 2 have consented to become a holder of Ordinary Shares.

**To be completed by the Company**

**5**

- (A) Convertible Preference Shares conversion identification reference: [                    ]
- (B) Date of delivery of Conversion Notice to the Company:
- (C) Conversion Date: (to be filled in by Company):

**6**

- (A) Number of Convertible Preference Shares deposited for conversion:.....
- (B) Conversion Rate on Conversion Date: .....
- (C) Number of Ordinary Shares to be issued: ..... (disregard fractions)
- (D) Unpaid Preferential Dividend Payable: .....

**Notes**

1. If it is desired to nominate a person or persons other than the holder of the Convertible Preference Shares specified above as the allottee(s) of Ordinary Shares issued on conversion of such Convertible Preference Shares that person or those persons must have consented to the Ordinary Shares being registered in its/their name(s).

**Paragon Resources PLC**  
*(incorporated under the Companies (Jersey) Law 1991*  
*(as amended) with Registered Number 95036*  
**("Paragon" or the "Company")**

**NOTICE OF CLASS MEETING OF PREFERENCE SHAREHOLDERS**

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**NOTICE IS HEREBY GIVEN** that a class meeting (the "**Class Meeting**") of the holders of £1.00 redeemable convertible preference shares in the share capital of the Company (the "**Preference Shares**") will be held at the offices of Mourant Ozannes, 22 Grenville Street, St Helier, Jersey, JE4 8PX at 12.00 on 17 July 2013 for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as special resolution:

**SPECIAL RESOLUTION OF THE PREFERENCE SHAREHOLDERS**

1. **THAT**, the terms and conditions of the Preference Shares be amended as follows:

(a) Each of the following definitions shall be added to Clause 1.1:

"**Deferred Shares** means fully paid deferred shares in the capital of the Company, currently with a nominal value of £0.0005 each."

"**Relevant Number of Deferred Shares** has the meaning given to that term in Condition 8.12."

"**Relevant Number of Ordinary Shares** has the meaning given to that term in Condition 8.12."

"**Special Redemption** has the meaning given to that term in Condition 8.11."

"**Special Redemption Date** has the meaning given to that term in Condition 8.11."

"**Special Redemption Notice** has the meaning given to that term in Condition 8.11."

(b) the definition of "**Ordinary Shares**" shall be deleted and replaced with the following:

"**Ordinary Shares** means fully paid ordinary shares in the capital of the Company, currently with a nominal value of £0.0005 each."

(c) The following shall be inserted as new clauses 8.11 to 8.13 inclusive:

"8.11 Notwithstanding any of the above provisions of this Clause 8 and subject to the provisions of the Law, the Company may redeem all (but not some only) of the Convertible Preference Shares pursuant to Clauses 8.11 to 8.13 inclusive (a **Special Redemption**) on any date prior to the Final Redemption Date (any such date being a **Special Redemption Date**) by serving notice in writing on each holder of Convertible Preference Shares (such notice being a **Special Redemption Notice**). Each Special Redemption Notice shall specify the Special Redemption Date (which must be a Business Day), the Relevant Number of Ordinary Shares and the Relevant Number of Deferred Shares.

8.12 Pursuant to a Special Redemption, each and every Convertible Preference Share shall be redeemed on the Special Redemption Date in full satisfaction of any and all rights accrued thereon (including without limitation, any accrued but unpaid Preferential Dividend) immediately upon, and in consideration for, the allotment and issue, by the Company to the Holder of such Convertible Preference Share, of the Relevant Number of Ordinary Shares and the Relevant Number of Deferred Shares. The **Relevant Number of Ordinary Shares** per Convertible Preference Share is a number equal to the sum of  $X$  divided by  $Y$  where  $X$  is the aggregate number of Ordinary Shares in issue as at the Special Redemption Date (immediately prior to the allotment and issue of the Relevant Number of Ordinary Shares) and  $Y$  is the aggregate number of Convertible Preference Shares in issue as at the Special Redemption Date. The **Relevant Number of Deferred Shares** per Convertible Preference Share is a number equal to the sum of 2,000 minus the Relevant Number of Ordinary Shares.

8.13 Upon the redemption of the Convertible Preference Shares by way of a Special Redemption:

(a) all share certificates for the Convertible Preference Shares shall cease to be valid and should be destroyed;



- (b) the Company shall, no later than ten (10) Business Days after the Special Redemption Date send by post to the allottees of the Ordinary Shares that it is required to allot and issue to give effect to the Special Redemption, certificates in respect of such Ordinary Shares, save that, where Convertible Preference Shares are held in uncertificated form, the Company shall procure that Euroclear UK & Ireland Limited is instructed to: (i) cancel the entitlement to Convertible Preference Shares of each Holder thereof; and (ii) credit to the appropriate stock account in CREST of the Holder concerned, that Holder's entitlement to Ordinary Shares; and
- (c) in accordance with the Articles, no share certificates shall be issued in respect of any Deferred Shares."

*By order of the Board of Directors*  
**FML Corporate Services Limited**  
*Secretary*

Registered Office:  
Third Floor  
Mielles House  
La Rue des Mielles  
St Helier  
Jersey  
JE2 3QD

Dated: 21 June 2013

NOTES:

- a. In accordance with Article 40 of the Companies (Uncertificated Securities) (Jersey) Order 1999 the time by which a person must be entered on the register of members of the Company in order to have the right to attend or vote at the Class Meeting is at 12.00 on 15 July 2013. If the Class Meeting is adjourned or postponed, the time by which a person must be entered on the register of members in order to have the right to attend or vote at the adjourned meeting is 48 hours before the date fixed for the adjourned or postponed meeting. Changes to entries on the register after the relevant time will be disregarded in determining the rights of any person to attend or vote at the meeting.
- b. A member of the Company entitled to attend and vote at the Class Meeting convened by this Notice is entitled to appoint one or more proxies to exercise any of his or her rights to attend, speak and vote at the Class Meeting on his or her behalf. A proxy need not be a member of the Company. Appointment of proxies does not preclude shareholders from attending and voting in person at the Class Meeting should they wish to do so.
- c. A proxy may only be appointed using the procedures set out in these notes and the enclosed Form of Proxy. To appoint a proxy, a member must complete, sign and date the enclosed Form of Proxy and deposit it at the office of Computershare Investor Services PLC, The Pavilions, Bridgewater Rd, Bristol, BS99 6ZY not less than 48 hours before the time fixed for the Class Meeting or any adjourned or postponed meeting at which the proxy is to vote. In the case of non-registered members who receive these materials through their broker or other intermediary, the member should complete and send the form in accordance with the instructions provided by their broker or other intermediary.
- d. The Form of Proxy must be completed under the hand of the appointor or his duly authorized attorney. In the case of a member which is a company, the Form of Proxy must be executed under its common seal or under the hand of an officer or attorney so authorised. Any power of attorney or any other authority under which the Form of Proxy is signed (or a notarially certified copy of such power of attorney or authority) must be enclosed with the Form of Proxy.
- e. CREST members who wish to appoint a proxy or proxies or to give an instruction to a proxy (whether previously appointed or otherwise) by utilising the CREST electronic proxy appointment service may do so in relation to the meeting, and any adjournment(s) or postponement(s) thereof, by utilising the procedures described in the CREST Manual. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted via the CREST system so as to be received by Computershare Investor Services PLC (whose CREST ID is 3RA50) by the latest time for receipt of proxy appointments specified in note (c) above. 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 Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in the Companies (Uncertificated Securities) (Jersey) Order 1999.

- f. A proxy does not need to be a member of the Company but must attend the Class Meeting to represent you. Details of how to appoint the Chairman of the Class Meeting or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy. If you wish your proxy to speak on your behalf at the Class Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
- g. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. Failure to specify the number of shares each proxy appointment relates to or specifying a number of shares in excess of those held by you on the record date will result in the proxy appointment being invalid. To appoint more than one proxy, please contact Computershare Investor Services PLC on 0870 707 4040.
- h. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given in the Form of Proxy, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Class Meeting.
- i. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
- j. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Any amended proxy appointment received after the time for holding the Class Meeting or any adjourned or postponed meeting will be disregarded.
- k. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Computershare Investor Services PLC, The Pavilions, Bridgwater Rd, Bristol BS99 6ZY. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by a duly authorised officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a notarially certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Computershare Investor Services PLC, The Pavilions, Bridgwater Rd, Bristol BS99 6ZY no later than the commencement of the Class Meeting or adjourned or postponed meeting at which the vote is given or, in the case of a poll taken more than 48 hours after it is demanded, before the time appointed for taking the poll.  
If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.  
Appointment of a proxy does not preclude you from attending the Class Meeting and voting in person. If you have appointed a proxy and attend the Class Meeting in person, your proxy appointment will automatically be terminated.