
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 and Jersey.

If you have sold or transferred all of your holding of shares in Paragon Resources plc please forward this document, the attached Notice and accompanying Form of Proxy 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.

PARAGON RESOURCES PLC

(incorporated and registered in Jersey under number 95036)

NOTICE OF

ANNUAL GENERAL MEETING

Your attention is drawn to the enclosed letter from the Chairman of the Company which sets out further details and an explanation as to why the Board is proposing the Resolutions at the Annual General Meeting. Before deciding on what voting action to take, you should fully consider all the information in this document.

Notice of the Annual General Meeting, scheduled for 26 May 2015 at midday, which will be held at the offices of Mourant Ozannes, 22 Grenville Street, St Helier, Jersey, JE4 8PX, Channel Islands, is enclosed with this document and a Form of Proxy for use at the Annual General Meeting is also enclosed. To be valid, the Form of Proxy should be completed in accordance with the instructions in the Notice of the Meeting and printed thereon and returned to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, B63 3DA as soon as possible but, in any event, so as to be received no later than midday on 24 May 2015. A person who is not a member of the Company but is beneficially interested in Ordinary 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 Ordinary 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 Annual General Meeting set out at the end of this document). Proxies submitted via CREST (under CREST ID 7RA11) must be received by the Company's Transfer Agent, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, B63 3DA no later than midday on 24 May 2015 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 Shareholders from attending and voting in person at the Annual General Meeting or any adjournment or postponement thereof in person if they so wish and are entitled to do so.

A copy of this document is available at the Company's website www.paragon-resources.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 financial condition, liquidity, prospects, growth and strategies.

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 (amongst other things) to the Group's 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, 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.

**PART I
EXPECTED TIMETABLE
OF PRINCIPAL EVENTS**

Publication of this document	1 May 2015
Latest time and date for receipt of Forms of Proxy	Midday on 24 May 2015
Annual General Meeting of Shareholders	Midday on 26 May 2015

All times and dates are London, United Kingdom time.

PART II
LETTER FROM THE CHAIRMAN OF
PARAGON RESOURCES PLC

(Incorporated under the Companies (Jersey) Law 1991 (as amended) with Registered Number 95036)

Directors	Registered Office
Simon Hunt (<i>Executive Chairman</i>) Daniel Cassiano-Silva (<i>Non-Executive Director</i>) Declan Anthony Sheeran (<i>Non-Executive Director</i>) (the " Directors ")	Ingouville House Ingouville Lane, St. Helier, Jersey, Channel Islands JE2 4SG

1 May 2015

Dear Shareholder,

Annual General Meeting

1. Introduction

You will find enclosed a notice convening the Annual General Meeting of the Company to be held at midday on 26 May 2015 at the offices of Mourant Ozannes, 22 Grenville Street, St Helier, Jersey, JE4 8PX, Channel Islands for the purpose of considering and, if thought fit, passing the Resolutions. Full details of the Resolutions are provided within this document.

The business of the meeting as set forth in the Resolutions includes:

1. Approving the 2014 Annual Report and Financial Statements of the Company;
2. Re-appointing Mr D Sheeran as a Director of the Company;
3. Re-appointing the auditors;
4. authorising the Directors to fix the remuneration of the auditors;
5. Re-organising the share capital of the Company, adopting new articles of association and disapplying pre-emption rights to enable the Directors to allot Ordinary Shares for cash.

Items 1 to 4 above are routine matters to be dealt with by general meeting of the Company.

Item 5 is:

- necessary to enable the Company to implement the proposed acquisition of MRE Mining (Mauritius) Limited, and thereby an interest in the Ambato exploration project, without which the Company will, in all likelihood, cease to be a going concern.
- intended to update the Company's constitution and improve the marketability of the Company's Ordinary Shares. Further, the Directors have been advised by the Company's NOMAD, Allenby Capital Limited, that the consolidation of the Company's Ordinary Share capital is required for a successful re-admission of the Company's Ordinary Shares to trading on AIM.

Further details are provided in section 2 and 3 below.

2. The proposed acquisition of MRE Mining (Mauritius) Limited and re-admission to AIM

The Company's Ordinary Shares were admitted to trading on AIM until 26 September 2014 when the Company's listing was cancelled. Between 19 June 2013 and 26 September 2014, the Company was an Investing Company focussed on the agricultural sector. Despite some potentially attractive projects having been identified and assessed by the Board, none was considered to be sufficiently attractive or viable to progress. In the course of these investigations, the Board identified a project and entered into a memorandum of understanding in relation to its acquisition which involves the Company focusing its operations on the minerals and natural resources sector.

The project is a potentially high grade, rare earth (REE) project at Ambato in central Madagascar, a country which has a long history of artisanal mining of bastnaesite, a major rare earth mineral, which outcrops over an extensive area and occurs as coarse grained crystals. There are several REE deposits associated with carbonatite and microsyenite intrusives along kilometre-scale regional structures. This style of geological setting elsewhere has hosted a number of world class producing mines. The Ambato project covers a large area the potential for bulk tonnage, high grade rare earth mineral deposits, with evidence of several other styles of mineral deposits including base metals and dimension stone that the Board believes have potential for securing early cashflows. The widespread occurrence at surface and coarse nature of the rare earth mineralisation suggests that relatively early production of concentrates could be achievable.

The Proposed Transaction will involve Paragon acquiring MRE from Tana in exchange for the issue of new Ordinary Shares in the Company and raising new equity capital to develop the project. The Company is in the process of raising the necessary funding for the initial exploration of the Ambato project and completing its re-admission to trading on AIM. The Company intends to publish an AIM Admission Document as soon as possible after completion of the fund raising and finalisation of the necessary due diligence. The Admission Document will contain further details of the Ambato project including a Competent Person's Report.

Resolution 5 proposed at the AGM is required to provide the Board with the authorities and flexibility needed to pursue this strategy without which, in all likelihood, the Company will cease to be a going concern.

3. Approval of the Share Consolidation, the adoption of the new Articles and the disapplication of pre-emption rights to permit the Directors to allot Ordinary Shares for cash

3.1 The Share Consolidation

At the date of this circular and based on the number of Ordinary Shares in issue and the Company's market capitalisation at the date that trading in its Ordinary Shares was suspended on AIM, the Directors expect that the market price of the Company's Ordinary Shares on re-admission to AIM will be below one penny unless action is taken to reduce the number of Ordinary Shares in issue. Accordingly, it is proposed that the Company's Ordinary Shares are consolidated through the Share Consolidation, the principal purpose of which is to increase the per share market price of the Company's Ordinary Shares once the Company's Ordinary Shares are re-admitted to trading on AIM and to reduce the number outstanding. The Board is of the opinion that increasing the market price per Ordinary Share will generate greater investor interest in the Company and, in particular, facilitate trading and liquidity in the Company's Ordinary Shares; enhance the prestige of the Company's Shares; and better enable the Company to raise funds to finance its planned operations. These advantages of the consolidation reflect the fact that brokerage commissions on low-priced securities (as a percentage of the total transaction value) tend to be higher for such securities and also that institutional investors (other than those which focus on small-capitalisation companies or low-priced securities) are less likely to invest in low-priced securities.

Pursuant to the Share Consolidation, each of the issued and unissued Ordinary Shares of £0.0005 each in the share capital of the Company will then be consolidated on the basis of one Ordinary Share of £0.125 for every two hundred and fifty Ordinary Shares of £0.0005. Where an individual shareholding is not divisible by two hundred and fifty, the number of Ordinary Shares to be issued will be rounded down to the nearest whole Ordinary Share. All fractional entitlements will be aggregated and dealt with by the Directors as they may resolve. At the date of this circular, it is expected that fractional entitlements will result in the Directors needing to deal with approximately 150 Ordinary Shares arising as a result of fractional entitlements. The Directors intend to sell those shares as part of the proposed placing and subscription. The Share Consolidation will not have any effect on any individual Shareholders' relative holding of Ordinary Shares, or voting rights, in the Company. As a preliminary step to the Share Consolidation, each of the unissued preference shares of £1 each in the Company's authorised share capital will be redesignated and subdivided into unissued Ordinary Shares of £0.0005. The redesignation of the preference shares is intended to simplify the Company's share capital structure as the Company no longer has any preference shares in issue.

While the Board expects that the Share Consolidation will increase the market price of the Company's Ordinary Shares the long-term consequences are less predictable. The price of the Ordinary Shares on AIM is likely to be affected by the Company's performance and by general market and economic conditions that cannot be predicted or evaluated by the Board at this time. Accordingly, even if the Share Consolidation is successful in achieving a higher price for the Company's Ordinary Shares in the short-term, there is no assurance that the market value of the Company's Ordinary shares will be greater after the Share Consolidation than it would be without ever effecting the Share Consolidation.

3.2 Adoption of the new articles of association

The Company's existing articles of association have evolved over the years and are now outdated and do not include updates incorporated into Jersey Law by various amendments to the Companies (Jersey) Law 1991. Accordingly, and to further improve the functioning of the Company, it is proposed that new articles of association are adopted. A summary of material provisions of the new articles of association is set out in Part VI. The full text of the proposed new articles of association (together with the memorandum of association of the Company as it will appear following the amendments proposed to be made pursuant to Resolution 4) is available on the Company's website at www.paragon-resources.com.

3.3 Disapplication of pre-emption rights

The Company's available cash balances are insufficient to enable it to continue in operation for a period of 12 months from the date of this document or to fund its preliminary activities in connection with the Proposed Transaction. Accordingly and to remain a going concern, the Company will need to raise additional funding through the issue of New Ordinary Shares through a placing and subscription, as well as issue New Ordinary Shares in connection with the acquisition. Resolution 5 will, among other things, provide the Directors with new authorities to allot up to 30,000,000 New Ordinary Shares (after completion of the Share Consolidation) in connection with these fundraising activities and the acquisition.

For the avoidance of doubt, if Resolution 5 is not passed at the AGM, the Board is of the opinion that the Company will, in all likelihood, cease to be a going concern.

4. Financial results

The Company's audited consolidated accounts for the year ending on 31 May 2014 are available at www.paragon-resources.com.

5. The AGM Resolutions

Set out at Part V of this document is a notice convening the AGM at which the AGM Resolutions will be proposed.

Resolutions 1 to 4 will be proposed as Ordinary Resolutions. Resolution 5 will be proposed as a Special Resolution.

An Ordinary Resolution requires a simple majority of the votes cast to be cast in favour for it to be passed and a Special Resolution requires a majority of 66.67 per cent. of the votes cast to be cast in favour for it to be passed.

6. Action to be taken

You will find enclosed with this letter a Form of Proxy for use by Shareholders at the AGM. Whether or not you intend to be present at the AGM, 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 Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, B63 3DA as soon as possible and in any event not later than midday on 24 May 2015 being 48 hours before the time appointed for holding the AGM. Completion of a Form of Proxy will not preclude you from attending the AGM and voting in person if you so choose.

7. Recommendation

The Board believes that the passing of the Resolutions is in the best interests of the Company and its Shareholders as a whole. Accordingly the Board unanimously recommends that you vote in favour of the Resolutions.

Yours faithfully,

Simon Hunt
Chairman,
Paragon Resources plc

PART III

Directors Simon Dennis Hunt (Executive Chairman)
Daniel Cassiano Silva (Non Executive Director)
Declan Sheeran (Non Executive Director)

all of:
Ingouville House
Ingouville Lane
St. Helier
Jersey, Channel Islands
JE2 4SG

Company Secretary Plectron Secretaries Limited
Ingouville House
Ingouville Lane
St. Helier
Jersey, Channel Islands
JE2 4SG

Registered Office Ingouville House
Ingouville Lane
St. Helier
Jersey, Channel Islands
JE2 4SG

Company website www.paragon-resources.com

Nominated Adviser and Broker Allenby Capital Limited
3 St Helen's Place
London, England
EC3A 6AB

Auditors Deloitte LLP
2 New Street Square
London, England
EC4A 3BZ

Solicitors to the Company as to English Law DAC Beachcroft LLP
100 Fetter Lane
London, England
EC4A 1BN

Legal advisers to the Company as to Jersey Law Mourant Ozannes
22 Grenville Street
St Helier
Jersey, Channel Islands
JE4 8PX

Registrar Neville Registrars Limited
Neville House
18 Laurel Lane
Halesowen, England
B63 3DA

PART IV DEFINITIONS

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

“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	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
“Annual General Meeting” or “AGM”	the Annual General Meeting of the Ordinary Shareholders of the Company to be held on 26 May 2015 at midday
“AGM Resolutions”	the ordinary and special resolutions to approve the proposals, which are set out in the AGM Notice in Part VI of this document
“Articles”	the articles of association of the Company for the time being which, subject to the passing of Resolution 5, will be amended following the AGM
“Board”	the collective body of the Directors of the Company from time to time
“Company” or “Paragon”	Paragon Resources plc
“CREST”	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertificated form, which is administered by Euroclear UK & Ireland Limited
“CREST Regulations”	the Companies (Uncertificated Securities)(Jersey) Order 1999
“Deferred Shares”	the deferred shares of £0.0005 each in the Share Capital of the Company
“Directors”	the directors of the Company as at the date of this document whose names are set out on in Part III of this document
“Form of Proxy”	the form of proxy for use by the Shareholders in connection with the Annual General Meeting which accompanies this document
“Investing Company”	has the meaning ascribed to the definition of “investing company” set out in the AIM Rules, that is, an AIM company which has as its primary business or objective, the investing of its funds in securities, businesses or assets of any description
“London Stock Exchange”	London Stock Exchange plc
“MRE”	MRE Mining (Mauritius) Limited
“NOMAD” “Notice of AGM” or “Notice of Annual General Meeting” or “AGM Notice”	Allenby Capital Limited, the Company’s proposed Nominated Advisor to AIM the notice of the Annual General Meeting
“Ordinary Shares”	Ordinary Shares of £0.0005 each in the Share Capital of the Company which, subject to the passing of Resolution 5, will become Ordinary Shares of £0.125 each

“Proposed Transaction”	the proposed acquisition by the Company of MRE and the related funding as more fully described in section 2 of Part II.
“Resolutions”	AGM Resolutions
“Share Consolidation”	the one for two hundred fifty consolidation of the Ordinary Shares referred to in this circular
“Shareholder(s)” or “Ordinary Shareholder(s)”	holder(s) of the Ordinary Shares
“Tana”	Tana Minerals (Pty) Limited
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“uncertificated” or “in uncertificated form”	recorded on the register of Ordinary Shares 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
PARAGON RESOURCES PLC
(incorporated under the Companies (Jersey) Law 1991 (as amended))
Registered Number 95036
(the "Company")

NOTICE OF THE 2015 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of the Company will be held at the offices of Mourant Ozannes, 22 Grenville Street, St Helier, Jersey JE4 8PX at midday on 26 May 2015 for the purpose of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 4 (inclusive) will be proposed as ordinary resolutions and resolution 5 will be proposed as a Special Resolution:

ORDINARY RESOLUTIONS

1. **THAT** the Annual Report and Financial Statements of the Company for the twelve month period ended 31 May 2014, together with the report of the auditors thereon, be received and approved.
2. **THAT** Mr Declan Sheeran, who retires by rotation by virtue of Article 19(2)(b) of the Articles, be re-elected as a Director in accordance with the Articles.
3. **THAT** Deloitte LLP, United Kingdom be re-appointed as auditors of the Company for the current financial year.
4. **THAT** the Directors be authorised to fix the remuneration of the auditors.

SPECIAL RESOLUTION

5. **THAT:**
 - (a) each unissued preference share of £1 in the share capital of the Company be redesignated as an ordinary share of £1, and each unissued ordinary share of £1 then be immediately subdivided into 2,000 ordinary shares of £0.0005 each (and that the Company's memorandum of association be amended accordingly);
 - (b) every 250 ordinary shares of £0.0005 each in the issued and unissued share capital of the Company be consolidated into one ordinary share of £0.125 each (and that the Company's memorandum of association be amended accordingly), and the directors be authorised to deal with any fractions arising in such manner as they may think fit, subject always to the provisions of the Company's articles of association;
 - (c) the draft articles of association produced to the meeting and, for the purposes of identification, initialled by the Chairman (the "**New Articles**") be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.
 - (d) pursuant to Article 7 of the New Articles and in substitution for each of the authorities granted to the directors by virtue of resolutions passed at the Annual General Meeting of the Company held on 27 November 2013, the directors be generally and unconditionally authorised to exercise any and all powers of the Company under Article 5(1) of the New Articles to allot, grant options and/or warrants over or otherwise dispose of equity securities (as defined in the New Articles) at any time and from time to time, wholly for cash or otherwise and as if the pre-emption provisions of Article 6 of the New Articles did not apply, provided always that the authority conferred by this resolution shall be limited to:
 - i. the allotment of equity securities having a maximum aggregate nominal amount of £3,750,000 (*being 30,000,000 ordinary shares of £0.125 each*); and,

- ii. the authorities granted by this resolution shall expire (unless previously renewed, varied or revoked by the Company in a general meeting) on the earlier of 15 months of the passing of this resolution and the conclusion of the Annual General Meeting of the Company to be held in 2016, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities pursuant to such offer or agreement as if the authority conferred on them hereby had not expired.

By order of the Board of Directors

Plectron Secretaries Limited
Secretary

Registered Office:

Plectron Secretaries Limited
Ingouville House
Ingouville Lane
St. Helier
Jersey CI
JE2 4SG

Dated: 1 May 2015

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 AGM is at midday on 24 May 2015. If the AGM is adjourned, 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 time and date fixed for the adjourned 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 AGM convened by this notice is entitled to appoint one or more proxies to exercise any of his rights to attend, speak, and on a poll, vote at that meeting on his behalf. A proxy need not be a member of the Company. Appointment of proxies does not preclude Shareholders from attending and voting at the AGM should they wish to do so.
- (c) A proxy may only be appointed using the procedures set out in these notes and the enclosed proxy form. To appoint a proxy, a member must complete, sign and date the enclosed proxy form and deposit it at the offices of Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA not less than 48 hours before the time fixed for the AGM or any adjourned meeting at which the proxy is to vote. The form of proxy must be completed under the hand of the appointor or his duly authorised attorney. In the case of a member which is a company, the proxy form 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 proxy form is signed (or a notarially certified copy of such power of attorney or authority) must be enclosed with the proxy form.
- (d) 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 capital and CREST electronic proxy appointment service may do so in relation to the meeting, and any adjournment(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 Neville Registrars Limited (whose CREST ID is 7RA11) 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.

- (e) A proxy does not need to be a member of the Company but must attend the AGM to represent you. Details of how to appoint the Chairman of the AGM or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the AGM you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
- (f) 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 Neville Registrars Limited.
- (g) 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 proxy form, 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 AGM.
- (h) 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).
- (i) 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 AGM or any adjourned meeting will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Neville Registrars Limited.

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.

- (j) 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 Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, B63 3DA. 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 Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, B63 3DA no later than the commencement of the AGM or adjourned 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 AGM and voting in person. If you have appointed a proxy and attend the AGM in person, your proxy appointment will automatically be terminated.

**PART VI
PRINCIPAL PROVISIONS OF THE
PROPOSED ARTICLES OF ASSOCIATION**

Summary of the Articles

The Articles, which are available for inspection at the Company's registered office, include (among other things) provisions as set out below. This summary is a summary of the new articles of association of the Company intended to be adopted by the Company pursuant to Resolution 5 (the **New Articles**).

Rights attaching to shares:

(a) *Voting rights of shareholders*

Subject to disenfranchisement in the event of:

- (i) non-payment of any call or other sum due and payable in respect of any share; or
- (ii) any non-compliance with any notice requiring disclosure of the beneficial ownership of any shares and subject to any special rights or restrictions as to voting for the time being attached to any shares (as to which there are none at present),

the Ordinary Shares shall rank *pari passu* as to voting and on a show of hands every qualifying person (i.e. shareholder, proxy or authorised corporate representative) present has one vote, and on a poll every shareholder present in person or by proxy has one vote for every share of which he is a holder. In the case of joint holders, the vote of the person whose name stands first in the register of members and who tenders a vote is accepted to the exclusion of any votes tendered by any other joint holders. The Deferred Shares carry no rights to receive notice of, or to attend, vote or speak at, a general meeting.

(b) *Return of capital*

In the event of a winding up or other return of capital:

- (i) the assets of the Company available for distribution among the members shall be divided *pro rata* according to the number of Ordinary Shares held by each holder of Ordinary Shares at the time of the commencement of the return of capital save only that the holders of Deferred Shares will be entitled to receive, out of the assets of the Company, a sum equal to the nominal value of each such Deferred Share but only after: (i) the holders of each other class of share in the capital of the Company have received the nominal value per share in respect of those shares held by them at that time (together with any amount due to the holders of any such class of share by virtue of any preferred or special rights); and (ii) holders of Ordinary Share have received a payment of £100,000 in respect of each such Ordinary Share held;
- (ii) if any share is not fully paid up, that share shall only carry the right to receive a distribution calculated on the basis of the proportion that the amount paid up on that share bears to the issue price of that share; and
- (iii) if the Company is in liquidation, the liquidator may, with the authority of a special resolution of the Company and any other authority required by the Jersey Statutes:
 - (1) divide among the shareholders in specie the whole or any part of the assets of the Company; or
 - (2) vest the whole or any part of the assets in trustees upon such trusts for the benefit of shareholders as the liquidator, with the like sanction, shall think fit but no member shall be compelled to accept any assets upon which there is any liability.

Capitalisation of reserves

Subject to the Companies (Jersey) Law 1991 (the **Companies Law**) and every other statute, statutory instrument, regulation or order for the time being in force concerning companies registered under the Companies Law including, for the avoidance of doubt, the Electronic Communications (Jersey) Law 2000 and the Uncertificated Securities Order (such laws, together, the **Jersey Statutes**), the board of directors may, with the authority of an ordinary resolution of the Company:

- (a) resolve to capitalise any sum standing to the credit of any reserve account of the Company (including share premium account and capital redemption reserve) or any sum standing to the credit of profit and loss account not required for the payment of any preferential dividend (whether or not it is available for distribution); and
- (b) appropriate that sum as capital to the shareholders in proportion to the nominal amount of the shares held by them respectively and apply that sum on their behalf in paying up in full any unissued shares or debentures of the Company of a nominal amount equal to that sum and allot the shares or debentures credited as fully paid to those shareholders, or as they may direct, in those proportions or in paying up the whole or part of any amounts which are unpaid in respect of any issued shares held by them respectively, or otherwise deal with such sum as directed by the resolution.

Transfer of shares

Subject to any restrictions in the Articles as set out below, a shareholder may transfer all or any of his shares in any manner which is permitted by the Jersey Statutes and is from time to time approved by the board of directors. The Company shall register the transfer of any shares held in uncertificated form by means of a relevant system in accordance with the Jersey Statutes. The board of directors may, in its absolute discretion refuse to register any transfer of an uncertificated share where permitted by the New Articles and the Jersey Statutes.

A shareholder may transfer all or any of his certificated shares by an instrument of transfer in any usual form, or in such other form as the board of directors may approve. The instrument of transfer shall be signed by or on behalf of the transferor and, except in the case of a fully paid share, by or on behalf of the transferee. The board of directors may, in its absolute discretion, refuse to register any transfer of any certificated share which is not fully paid up (but not so as to prevent dealings in shares admitted to AIM or the Official List from taking place on an open and proper basis) or on which the Company has a lien. The board of directors may also refuse to register any instrument of transfer of a certificated share unless it is lodged at the registered office, or such other place as the board of directors may decide, for registration, accompanied by the share certificate for the shares to be transferred and such other evidence as the board of directors may reasonably require to prove title of the intending transferor or his right to transfer the shares and it is in the respect of only one class of share. If the board of directors refuses to register a transfer of a certificated share it shall, as soon as practicable and in any event within two months after the date on which the instrument of transfer was lodged or the operator-instruction was received, give to the transferor and transferee notice of the refusal. The board of directors must provide the transferor and transferee with such further information about the reasons for the refusal as the transferor and transferee may reasonably request. Unless otherwise agreed by the board of directors in any particular case, the maximum number of persons who may be entered on the register as joint holders of a share is four.

Changes in capital

- (a) The Company may by special resolution alter its share capital in any other manner permitted by the Companies Law.
- (b) Subject to the provisions of the Companies Law, the Company may:
 - (i) purchase shares, including any redeemable shares; and
 - (ii) by special resolution (where such special resolution is required under the Jersey Statutes), reduce its share capital in any way.

Disapplication of pre-emption rights

The New Articles contain pre-emption rights but, on the passing of a special resolution, the board of directors shall have power to allot equity securities wholly for cash without the pre-emption rights applying but that power shall

be limited: (A) to the allotment of equity securities in connection with a pre-emptive issue (as defined in the Articles); (B) to the allotment (other than in connection with a pre-emptive issue) of equity securities having a nominal amount not exceeding in aggregate the sum specified in the special resolution or a nominal amount determined by the application of an equation or formula; or (C) as otherwise specified in the special resolution.

Variation of rights

Whenever the share capital of the Company is divided into different classes of shares, all or any of the rights for the time being attached to any class of shares in issue may, subject to the Jersey Statutes, be varied, either in such manner as those rights may provide or with the consent in writing of the holders of two-thirds in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares. At any separate general meeting, the necessary quorum is two persons holding or representing by proxy at least one-third in nominal amount of the issued shares of the class in question (but at any adjourned meeting, one person holding shares of the class or his proxy is a quorum).

Disclosure of interests in shares

- (a) The Company may give a disclosure notice to any person whom it knows or has reasonable cause to believe is either:
 - (i) interested in the Company's shares; or
 - (ii) has been so interested at any time during the three years immediately preceding the date on which the disclosure notice is issued.
- (b) The disclosure notice may require the person:
 - (i) to confirm that fact or (as the case may be) to state whether or not it is the case; and
 - (ii) if he holds, or has during that time held, any such interest, to give such further information as may be required.
- (c) The notice may require the person to whom it is addressed, where either:
 - (i) his interest is a present interest and another interest in the shares subsists; or
 - (ii) another interest in the shares subsisted during that three year period at a time when his interest subsisted,

to give, so far as lies within his knowledge, such particulars with respect to that other interest as may be required by the notice including:

 - (i) the identity of persons interested in the shares in question; and
 - (ii) whether persons interested in the same shares are or were parties to either an agreement to acquire interests in a particular company, or an agreement or arrangement relating to the exercise of any rights conferred by the holding of the shares.
- (d) The notice may require the person to whom it is addressed, where his interest is a past interest, to give (so far as lies within his knowledge) particulars of the identity of the person who held that interest immediately upon his ceasing to hold it.
- (e) Failure to provide the information within 14 days after the notice has been given means that the holder of the relevant shares shall not be entitled to vote either personally or by proxy at a shareholders' meeting or to exercise any other right conferred by membership in relation to shareholder meetings for so long as the default continues (and, if those shares represent at least 0.25 per cent. of the issued shares of the class, the holder shall not be entitled to receive any payment by way of dividend or to transfer any rights in the shares).

Register of members

The register of members of the Company must be kept and maintained in Jersey.

Uncertificated shares – general powers

Subject to the Companies Law and the CREST Regulations, the board may permit any class of shares to be held in uncertificated form and to be transferred by means of a relevant system and may revoke such permission. In relation to any uncertificated share, the Company may utilise the relevant system in which it is held to the fullest extent available from time to time in the exercise of any of its powers or functions under the Jersey Statutes or the New Articles or otherwise in effecting any actions. Any provision in the New Articles in relation to uncertificated shares which is inconsistent with any applicable statutory provision shall not apply. The Company may, by notice to the holder of an uncertificated share, require the holder to change the form of that share to certificated form within such reasonable period as may be specified in the notice. For the purpose of effecting any action by the Company, the board of directors may determine that holdings of the same shareholder in uncertificated form and in certificated form shall be treated as separate holdings but shares of a class held by a person in uncertificated form shall not be treated as a separate class from shares of that class held by that person in certificated form.

Directors

- (a) The directors (other than alternate directors) shall not, unless otherwise determined by an ordinary resolution of the Company, be fewer than two in number but shall not be subject to a maximum.
- (b) A director need not be a shareholder.
- (c) Any director not otherwise required to retire from office at an annual general meeting shall do so unless he was appointed or re-appointed as a director at either of the last two annual general meetings before that meeting.
- (d) At every annual general meeting: (i) any director then in office who has been appointed by the board since the previous annual general meeting; and (ii) one third of the directors for the time being (excluding any director appointed since the previous annual general meeting), or, if their number is not three or a multiple of three, then the number nearest one third (excluding any director appointed since the previous annual general meeting), shall retire from office but shall be eligible for re-election.
- (e) The directors shall be paid fees for their services as the board of directors may decide. Such fee shall be divided among them in such proportion and manner as they may agree or, failing agreement, equally.
- (f) The board of directors may grant special remuneration to any director who performs any special or extra services to, or at the request of, the Company. Special remuneration may be payable to a director in addition to his ordinary remuneration (if any) as a director.
- (g) The directors shall also be paid out of the funds of the Company all expenses properly incurred by them in and about the discharge of their duties, including their expenses of travelling to and from the meetings of the board of directors, committee meetings and general meetings.
- (h) The board of directors or any committee of the board of directors may exercise all the powers of the Company to provide benefits, whether by the payment of gratuities, pensions, annuities, allowances, bonuses or by insurance or otherwise, for any director or former director who holds or who has held but no longer holds any executive office, other office, place of profit or employment with the Company or with anybody corporate which is or has been a subsidiary undertaking of the Company or a predecessor in business of the Company or of any such subsidiary undertaking, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him, and may (as well before as after he ceases to hold such office, place of profit or employment) establish, maintain, support, subscribe to and contribute to any scheme, trust or fund for the benefit of all or any such persons and pay premiums for the purchase or provision of any such benefits. The board of directors or any committee authorised by the board of directors may procure any of these matters to be done by the Company either alone or in conjunction with any other person.

- (i) Subject to the provisions of the Companies Law, and provided that he has disclosed to the board of directors the nature and extent of any of his interests which conflict or may conflict to a material extent with the interests of the Company at the first meeting of the board of directors at which a transaction is considered or as soon as practical after that meeting by notice in writing to the secretary or has otherwise previously disclosed that he is to be regarded as interested in a transaction with a specific person, a director notwithstanding his office:
 - (i) May be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
 - (ii) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, anybody corporate promoted by the Company or in which the Company is otherwise interested; and
 - (iii) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.
- (j) A director, including an alternate director, may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of director and may act in a professional capacity to the Company on such terms as to tenure of office, remuneration and otherwise as the directors may determine.
- (k) The Company shall not make a payment for loss of office to a director unless the payment has been approved by an ordinary resolution of the Company.

General meetings

- (a) The Board shall convene, and the Company shall hold, an annual general meeting in accordance with the Jersey Statutes. Other general meetings shall be held whenever the board of directors thinks fit or on the requisition of shareholders in accordance with the Jersey Statutes or the Articles.
- (b) All general meetings (including annual general meetings) shall be called by not less than 14 clear days' written notice.
- (c) The requisite quorum for general meetings of the Company shall be two qualifying persons, entitled to vote on the business to be transacted at the meeting.

Borrowing powers

The board of directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (both present and future) and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligations of the Company or of any third party.

Distributions

- (a) The board of directors may authorise and pay distributions at any time in accordance with the Companies Law. In addition, subject to the Companies Law and the Articles, a distribution may be declared and paid as a dividend.
- (b) Declaration of dividends – subject to the provisions of the Companies Law, the Company may, by ordinary resolution, declare a dividend to be paid to the shareholders, according to their respective rights and interests, and may fix the time for payment of such dividend, but no dividend shall exceed the amount recommended by the board of directors.
- (c) Fixed and interim dividends – subject to the provisions of the Companies Law, the board of directors may pay such interim dividends as appear to the board of directors to be justified by the financial

position of the Company and may also pay any dividend payable at a fixed rate at intervals settled by the board of directors whenever the financial position of the Company, in the opinion of the board of directors, justifies its payment. If the board of directors acts in good faith, none of the Directors shall incur any liability to the shareholders conferring preferred rights for any loss such shareholders may suffer in consequence of the lawful payment of an interim dividend on any shares having non-preferred or deferred rights.

- (d) Calculation and currency of distributions – except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide: (A) all distributions shall be declared and paid according to the number of shares held by each member but, where a share is not fully paid, distributions shall be declared, apportioned and paid on that share in the same proportion as the amount paid up on that share bears to the aggregate issue price of that share during the portion or portions of the period in respect of which the distribution is paid (and for these purposes no amount paid up on a share in advance of a call shall be treated as paid up on that share); (B) any amount paid by the Company by way of distributions will be deemed to include any amount that the Company may be compelled by law to withhold or deduct; and (C) distributions may be declared or paid in any currency. The board of directors may agree with any shareholder that distributions which may at any time or from time to time be declared or become due on his shares in one currency shall be paid or satisfied in another, and may agree the basis of conversion to be applied and how and when the amount to be paid in the other currency shall be calculated and paid and for the Company or any other person to bear any costs involved.
- (e) Distributions not to bear interest – no distribution or other monies payable by the Company on or in respect of any share shall bear interest as against the Company unless otherwise provided by the rights attached to the share.
- (f) Calls or debts or amounts required by law may be deducted from distributions – the board of directors may deduct from any distribution or other monies payable to any person (either alone or jointly with another) on or in respect of a share all such sums as may be due from him (either alone or jointly with another) to the Company on account of calls or otherwise in relation to shares.
- (g) Distribution in specie – with the authority of an ordinary resolution of the Company and on the recommendation of the board of directors, payment of any distribution may be satisfied wholly or in part by the distribution of specific assets, including paid up shares or debentures of any other company.
- (h) Scrip distributions – the board of directors may, with the authority of an ordinary resolution of the Company, offer any shareholders the right to elect to receive further shares (whether or not of that class) credited as fully paid, by way of scrip distribution instead of cash in respect of all (or some part) of any distribution specified by the ordinary resolution.
- (i) Unclaimed distributions – any distribution unclaimed for a period of 12 years after having become due for payment shall be forfeited and cease to remain owing by the Company.

Forfeiture of shares

- (a) If the whole or any part of any call or instalment remains unpaid on any share after the due date for payment, the board of directors may serve a written notice on the shareholder requiring him to pay so much of the call or instalment as remains unpaid, together with any accrued interest.
- (b) The written notice shall state a further day, being not less than 14 clear days from the date of the notice, on or before which, and the place where, payment is to be made and shall state that, in the event of non-payment on or before the day and at the place appointed, the share in respect of which the call was made or instalment is payable will be liable to be forfeited.
- (c) If the requirements of a notice are not complied with, any share in respect of which it was given may (before the payment required by the notice is made) be forfeited by a resolution of the board of directors. The forfeiture shall include all dividends and other distributions declared and other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.

- (d) Every share which is forfeited or surrendered shall become the property of the Company and (subject to the Jersey Statutes) may be sold, re-allotted or otherwise disposed of, upon such terms and in such manner as the board of directors shall decide either to the person who was before the forfeiture the shareholder or to any other person and whether with or without all or any part of the amount previously paid up on the share being credited as so paid up.

Website communication with shareholders

The Articles enable the Company to use its website as a means of sending or supplying documents or information to shareholders. Before communicating with a shareholder by means of its website, the Company must have asked the shareholder, individually, to agree (generally or specifically) that the Company may send or supply documents or information to him by means of a website. A member shall be deemed to have agreed that the Company may send or supply a document or information by means of a website if no response to the request is received within 28 days. When communicating with shareholders by means of website communications, the Company will notify the shareholders (by post or other permitted means) of the presence of a document or information on the website.

Directors' indemnity, insurance and defence

As far as the Jersey Statutes allow, the Company may:

- (a) indemnify any Director (including alternate Director) of the Company (or of any of its subsidiary undertakings) against any liability;
- (b) indemnify a Director (including alternate Director) of a company that is a trustee of an occupational pension scheme for employees (or former employees) of the Company (or of any of its subsidiary undertakings) against liability incurred in connection with the Company's activities as trustee of the scheme;
- (c) purchase and maintain insurance against any liability for any director or alternate director referred to in paragraph (a) or (b) above; and
- (d) provide any director or alternate director referred to in paragraph (a) or (b) above with funds (whether by loan or otherwise) to meet expenditure incurred or to be incurred by him in defending any criminal, regulatory or civil proceedings or in connection with an application for relief (or to enable any such director to avoid incurring such expenditure).