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The Company and the Directors, whose names appear on page 5 of this document, accept responsibility, collectively and individually, for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. This document, which constitutes an AIM admission document, has been drawn up in accordance with the AIM Rules for Companies. This document does not contain an offer of transferable securities to the public in the United Kingdom within the meaning of section 102B of FSMA and is not required to be issued as a prospectus pursuant to section 85 of FSMA.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority and the AIM Rules for Companies are less demanding than those of the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. Neither the London Stock Exchange nor the United Kingdom Listing Authority has itself examined or approved the contents of this document.

Applications have been made for the admission to trading on AIM, of the Ordinary Shares and the Subscription Shares. It is expected that Admission will become effective and that dealings in the Ordinary Shares and the Subscription Shares will commence on AIM on 9 July 2012. No admission to listing is being sought on any other exchange in respect of any of the Ordinary Shares or the Subscription Shares.

The whole of this document should be read. Attention is drawn in particular to the 'Risk Factors' set out in Part VII of this document.



(incorporated in Guernsey under The Companies (Guernsey) Law 2008, as amended, with registered number 54697)

Issue of up to 46,648,886 Ordinary Shares (with 23,324,433 Subscription Shares attached on a 1 for 2 basis) at £0.50 per Ordinary Share

Admission to trading on AIM

Nominated Adviser

Westhouse Securities Limited

Broker

Ocean Equities Limited

Westhouse Securities Limited, which is authorised and regulated in the United Kingdom by the UK Financial Services Authority ("**FSA**"), is acting as nominated adviser to the Company and for no-one else for the purposes of the AIM Rules for Companies in connection with Admission, and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice to any other person in relation to Admission. Its responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any person in respect of his decision to acquire shares in the Company in reliance on any part of this document (without limiting the statutory rights of any person to whom this document is issued).

Ocean Equities Limited, which is authorised and regulated in the United Kingdom by the FSA, is acting as broker to the Company and for no-one else, and will not be responsible to anyone other than the Company for providing the protections afforded to its clients.

No representation or warranty, express or implied, is made by either Westhouse Securities Limited or Ocean Equities Limited as to the contents of this document (without limiting the statutory rights of any person to whom this document is issued), and neither Westhouse Securities Limited nor Ocean Equities Limited has authorised the contents of any part of this document nor are they responsible for the accuracy of any information or opinion contained in this document or for any omission of information.

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CONTENTS

	<i>Page</i>
Important Information	3
Directors, Secretary and Advisors	5
Expected Timetable of Principal Events	6
Placing Statistics	6
Dealing Codes	6
Definitions	7
Part I Information on the Company	12
Part II Initial Portfolio	18
Part III Directors, Management and Corporate Governance	20
Part IV Group Structure	26
Part V The Cash Placing	27
Part VI Details of the Subscription Shares	29
Part VII Risk Factors	39
Part VIII Taxation	44
Part IX Unaudited Pro Forma Statement of the Net Assets of the Company following Admission	48
Part X Additional Information	49

IMPORTANT INFORMATION

Prospective investors should rely only on the information in this document. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, Westhouse Securities Limited or Ocean Equities Limited. Without prejudice to the Company's obligations under the AIM Rules for Companies, neither the delivery of this document nor any subscription or purchase of shares made pursuant to this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of this document.

Statements made in this document are based on the law and practice currently in force in Guernsey and England and Wales and are subject to change.

The contents of this document are not to be construed as legal, financial, business, investment or tax advice. Each prospective investor should consult his, her or its own legal adviser, financial adviser or tax adviser for legal, financial or tax advice.

Prospective investors must inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer or disposal of Ordinary Shares or Subscription Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares or Subscription Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares or Subscription Shares. Prospective investors must rely on their own representatives, including their own legal advisers and accountants, as to legal, tax, investment, or any other related matters concerning the Company and an investment therein.

Restrictions on sales

This document does not constitute, and may not be used for the purposes of, an offer or any invitation to subscribe for any Ordinary Shares and/or Subscription Shares by any person in any jurisdiction: (a) in which such offer or invitation is not authorised; or (b) in which the person making such offer or invitation is not qualified to do so; or (c) to any person to whom it is unlawful to make such offer or invitation. The distribution of this document and the Cash Placing in certain jurisdictions may be restricted. Accordingly, persons outside the UK into whose possession this document comes are required by the Company to inform themselves about and to observe any restrictions as to the Cash Placing and the distribution of this document under the laws and regulations of any territory in connection with any application for Ordinary Shares and/or Subscription Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by the Company that would permit a public offering of the Ordinary Shares or Subscription Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document other than in any jurisdiction where actions for that purpose are required.

Notice to prospective investors in the United Kingdom

This document is only being distributed to and is only directed at persons who are outside the UK, or where they are in the UK at (a) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); (b) high net worth companies, unincorporated associations and other bodies falling within Article 49(2)(a) to (d) of the Order and (c) other persons to whom it may lawfully be communicated (all such persons together being referred to as "**relevant persons**"). The Ordinary Shares and Subscription Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Notice to prospective investors in Guernsey

The Ordinary Shares and/or Subscription Shares may not be offered directly by the Company to the public in or from within the Bailiwick of Guernsey other than to persons regulated under any of Guernsey's financial services regulatory laws including, without limitation, a person licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended).

Notice in connection with the United States, Canada and Japan

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, Ordinary Shares and/or Subscription Shares in any jurisdiction in which such offer or solicitation is unlawful and is not for distribution in or into the United States, Canada or Japan.

The Ordinary Shares and Subscription Shares have not been and will not be registered under the US Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of US Persons except in certain transactions exempt from the registration requirements of the US Securities Act. No public offer of the Ordinary Shares and Subscription Shares is being made in the United States. The Ordinary Shares and Subscription Shares are only being offered and sold outside the United States to non-US Persons in offshore transactions in reliance on Regulation S under the US Securities Act.

No US federal or state securities commission or regulatory authority has approved or disapproved of the Ordinary Shares or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States.

The Ordinary Shares and Subscription Shares offered by this document have not been and will not be registered under the applicable securities laws of Canada or Japan and, subject to certain exceptions, may not be offered or sold directly, or indirectly, in or into Canada or Japan, or to or for the account or benefit of any person resident in Canada or Japan.

Notice in connection with Member States of the European Economic Area

In any European Economic Area ("**EEA**") Member State that has implemented Directive 2003/71/EC (together with any applicable implementing measures in any Member State, the "**Prospectus Directive**"), this communication is only addressed to and is only directed at: (a) qualified investors in that Member State within the meaning of the Prospectus Directive; and (b) other persons who are permitted to purchase the Ordinary Shares and Subscription Shares pursuant to an exemption from the Prospectus Directive and other applicable regulations. This document has been prepared on the basis that all offers of Ordinary Shares and Subscription Shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the EEA, from the requirement to produce a prospectus for offers of Ordinary Shares and Subscription Shares.

Accordingly, any person making or intending to make any offer within the EEA of the Ordinary Shares and/or Subscription Shares which are the subject of the Cash Placing contemplated in this document should only do so in circumstances in which no obligation arises for the Company to produce a prospectus for such offer. The Company has not authorised, nor does it authorise, the making of any offer of Ordinary Shares and Subscription Shares through any financial intermediary.

DIRECTORS, SECRETARY AND ADVISORS

Directors

Robert Paul King (*Chairman*)
Richard Arthur Lockwood
Malcolm Alec Burne
Andrew Charles Ferguson
Mark Ainsworth Hohnen

Advisory & Execution Team

Richard Arthur Lockwood
Malcolm Alec Burne
Charles Cannon-Brookes

all of

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Nominated Adviser

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Broker

Ocean Equities Limited
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GY1 3EG

Auditors to the Company

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Custodian

ABN AMRO (Guernsey) Limited
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St Peter Port
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Guernsey
GY1 1WD

Website address

www.praetorianresources.com

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2012
Publication of this document	4 July
Admission and dealings in the Ordinary Shares and the Subscription Shares commence on AIM	8.00 a.m. on 9 July
Crediting of CREST accounts in respect of the Ordinary Shares and the Subscription Shares	9 July
Share certificates in respect of the Ordinary Shares and the Subscription Shares despatched by	16 July

Save in relation to the date on which this document is published, each of the times and dates in the above timetable is subject to change.

PLACING STATISTICS

Issue Price	£0.50
Number of Ordinary Shares being issued pursuant to the Cash Placing and the Share Exchanges ^{(1), (2)}	46,648,886
Number of Subscription Shares being issued pursuant to the Cash Placing and the Share Exchanges ^{(1), (2)}	23,324,433
Estimated net proceeds receivable by the Company from the Cash Placing ⁽¹⁾	£8,819,510
Number of Ordinary Shares in issue on Admission	40,082,866
Number of Subscription Shares in issue on Admission	20,041,433
Market capitalisation on Admission at the Issue Price	£20,041,433
Number of Ordinary Shares to be issued after Admission ⁽³⁾	6,566,020
Number of Subscription Shares to be issued after Admission ⁽³⁾	3,283,010
Market capitalisation following issue of the Ordinary Shares after Admission at the Issue Price ^{(1), (2)}	£23,324,433
Maximum number of Ordinary Shares in issue following conversion of the Subscription Shares ⁽⁴⁾	69,973,319

- (1) Including the Ordinary Shares and/or the Subscription Shares to be issued to Longships plc after Admission, which are conditional upon the approval of the shareholders of Longships plc.
- (2) Including the Ordinary Shares and/or Subscription Shares to be issued to BlackRock Investment Management pursuant to the Mantle Diamonds Transfer.
- (3) To be issued to Longships plc, which is conditional upon the approval of the shareholders of Longships plc and to be issued to BlackRock Investment Management Limited pursuant to the Mantle Diamonds Transfer.
- (4) Assuming all Subscription Shares have converted.

DEALING CODES

Ordinary Shares

ISIN	GG00B65S1B82
SEDOL	B65S1B8
Ticker	PRAE

Subscription Shares

ISIN	GG00B7RJ8P93
SEDOL	B7RJ8P9
Ticker	PRSS

DEFINITIONS

“Administration Agreement”	the administration agreement dated 24 March 2012 between the Company (1) and the Administrator (2), further details of which are set out in paragraph 7.5 of Part X of this document
“Administration and Support Services Agreement”	the administration and support services agreement dated 4 July 2012 between the Company (1) and Arlington (2), further details of which are set out in paragraph 7.4 of Part X of this document
“Administrator”	Legis Fund Services Limited, incorporated in Guernsey with registered number 19606
“Admission”	admission of the Ordinary Shares and the Subscription Shares to trading on AIM
“Advisory & Execution Team”	together, Richard Lockwood, Malcolm Burne and Charles Cannon-Brookes
“AIM”	AIM, the market of that name operated by the London Stock Exchange
“AIM Rules”	the rules governing the operation of AIM comprising the AIM Rules for Companies and the AIM Rules for Nominated Advisers
“AIM Rules for Companies”	the ‘AIM Rules for Companies’ published by the London Stock Exchange governing, <i>inter alia</i> , admission to AIM and the continuing obligations of AIM companies, as amended from time to time
“AIM Rules for Nominated Advisers”	the ‘AIM Rules for Nominated Advisers’ published by the London Stock Exchange governing, <i>inter alia</i> , eligibility and ongoing obligations of nominated advisers, as amended from time to time
“Arlington”	Arlington Group Asset Management Limited, incorporated in England and Wales with registered number 2359077
“Articles”	the articles of incorporation of the Company
“Board” or “Directors”	the directors of the Company
“business day”	any day on which banks are open for business in London and Guernsey (excluding Saturdays, Sundays and public holidays)
“Cash Placing”	the placing by the Company of Placing Securities pursuant to the Cash Placing Agreements
“Cash Placing Agreements”	the agreements dated 4 July 2012 and entered into between the Company and various subscribers, further details of which are set out in paragraph 6 of Part I and paragraph 7.7 of Part X of this document
“certificated” or “in certificated form”	not in uncertificated form
“Companies Law”	the Companies (Guernsey) Law 2008, as amended
“Company”	Praetorian Resources Limited, incorporated in Guernsey with registered number 54697

“Consideration Securities”	the aggregate 28,003,866 Ordinary Shares (with the aggregate 14,001,933 Subscription Shares attached on a 1 for 2 basis) conditionally allotted pursuant to the terms of the Share Exchange Agreements
“CREST”	the facilities and procedures for the time being of the relevant system of which Euroclear has been approved as operator pursuant to the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755) of the United Kingdom
“CREST Guernsey Requirements”	Rule 8 and such other rules and requirements of Euroclear as may be applicable to issuers as from time to time specified in the CREST Manual
“CREST Manual”	the compendium of documents entitled CREST Manual issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and the CREST Glossary of Terms
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) and the CREST Guernsey Requirements
“Custodian”	ABN AMRO (Guernsey) Limited
“Custody Agreement”	the custody agreement dated 26 June 2012 between the Company (1) and the Custodian (2), further details of which are set out in paragraph 7.6 of Part X of this document
“Disclosure and Transparency Rules” or “DTRs”	the Disclosure Rules and Transparency Rules made by the FSA under Part VI of FSMA
“EEA”	the European Economic Area
“Enlarged Share Capital”	the issued share capital of the Company on Admission, following completion of the Share Exchanges and the Cash Placing
“EU”	the European Union
“Euroclear”	Euroclear UK & Ireland Limited
“FSA”	the UK Financial Services Authority or any successor authority
“FSMA”	the UK Financial Services and Markets Act 2000 (as amended)
“GFSC”	the Guernsey Financial Services Commission
“Gross Proceeds”	£23,324,433, being the proceeds of the Cash Placing and the Share Exchanges before the costs and expenses of Admission, the Cash Placing, the Share Exchanges and the issue of the Ordinary Shares and the Subscription Shares
“Guernsey”	the Bailiwick of Guernsey
“IFRS”	International Financial Reporting Standards

“Initial Portfolio”	the portfolio of investments to be acquired by the Company pursuant to the Share Exchange Agreements, further details of the portfolio companies (by value) representing 3 per cent. or more of the Company’s portfolio following completion of the Cash Placing, Share Exchanges and Subscription Agreements is set out at Part II of this document
“Issue”	the issue by the Company of an aggregate of 46,648,886 Ordinary Shares (with an aggregate of 23,324,433 Subscription Shares attached) pursuant to the Cash Placing Agreements and the Share Exchange Agreements
“Issue Price”	£0.50 per new Ordinary Share
“Limited Partnership Agreement”	the amended and restated limited partnership agreement dated 4 July 2012 which constitutes Praetorian Portfolio Holding L.P. entered into between Praetorian Resources (GP) Limited (as the general partner) (1), the Company (2) and PSLP (3), further details of which are set out in paragraph 8 of Part X of this document
“Limited Partnerships Law”	the Limited Partnerships (Guernsey) Law, 1995, as amended
“London Stock Exchange”	London Stock Exchange plc
“Mantle Diamonds Transfer”	the transfer of the Mantle Diamonds portfolio (further details of which are set out at Part II of this document) from BlackRock Investment Management to the Company which is conditional, <i>inter alia</i> , on Mantle Diamonds Limited shareholders not exercising their pre-emption rights on transfer
“Net Asset Value”	the net asset value of the Company as determined by the Administrator in accordance with paragraph 11 of Part I of this document
“Net Proceeds”	the Gross Proceeds less the costs and expenses of Admission, the Cash Placing, the Share Exchanges and the issue of the Ordinary Shares and the Subscription Shares
“Ocean Equities”	Ocean Equities Limited, the Company’s broker
“Ordinary Shares”	ordinary shares of no par value each in the capital of the Company
“Placees”	persons who have agreed to subscribe for the Placing Securities pursuant to the Cash Placing Agreements
“Placing Securities”	the aggregate 18,645,020 new Ordinary Shares (with the aggregate 9,322,510 new Subscription Shares attached on a 1 for 2 basis) which are the subject of the Cash Placing
“Praetorian Portfolio Holding L.P.”	Praetorian Portfolio Holding L.P., a Guernsey limited partnership registered on 16 May 2012 under registered number 1668 constituted and established pursuant to the terms of the Limited Partnership Agreement
“Praetorian Resources (GP) Limited”	Praetorian Resources (GP) Limited, incorporated in Guernsey with registered number 55077, a wholly-owned subsidiary of the Company and the general partner of both Praetorian Holding Portfolio L.P. and Praetorian Special Limited (Partner) L.P.
“Praetorian Resources Group” or “Group”	the Company and each of its subsidiaries and subsidiary undertakings at Admission

“PSLP”	Praetorian (Special Limited Partner) L.P., a Guernsey limited partnership registered on 16 May 2012 under registered number 1667 which is the special limited partner in Praetorian Portfolio Holding L.P.
“Register”	the register of members of the Company
“Registrar”	Computershare Investor Services (Guernsey) Limited of 3rd Floor, NatWest House, Le Truchot, St Peter Port, Guernsey GY1 1WD
“Regulation S”	Regulation S promulgated under the US Securities Act
“Regulatory Information Service provider”	a primary information provider which has been approved by the FSA to disseminate regulatory information to the market
“Restricted Shareholders”	Shareholders who are resident in, or citizens of, any of the Restricted Territories
“Restricted Territories”	the United States, Canada and Japan
“Shareholder”	the holder of an Ordinary Share
“Shares”	Ordinary Shares and/or Subscription Shares, as the context requires
“Share Exchange Agreements”	the agreements dated 4 July 2012 and entered into between the Company and various vendors and/or companies, further details of which are set out in paragraph 7 of Part I and paragraph 7.8 of Part X of this document
“Share Exchanges”	the issue by the Company of Consideration Securities in exchange for the transfer to the Company pursuant to the Share Exchange Agreements of various portfolios of investments by various vendors and/or companies
“Share Exchange Vendors”	fund managers or institutions who have agreed to transfer to the Company various portfolios of investments in listed or quoted companies in the Target Sectors, or listed or quoted companies in the Target Sectors who have agreed to issue new shares or other securities in such companies to the Company, in exchange for the issue of the Consideration Securities pursuant to the Share Exchange Agreements
“Subscription Agreements”	the agreements dated 4 July 2012 entered into between the Company and various portfolio companies, further details of which are set out in paragraph 7.14 of Part X of this document
“Subscription Price”	£0.70 per new Ordinary Share, being the price at which the Subscription Rights are exercisable in accordance with the rights attaching to the Subscription Shares (and subject to adjustment in accordance with those rights)
“Subscription Right”	the right conferred by each Subscription Share to subscribe for one Ordinary Share as detailed in Part VI of this document
“Subscription Shareholder”	the holder of a Subscription Share
“Subscription Shares”	Subscription shares of no par value in the capital of the Company to be issued on the basis set out in this document, which have the right, <i>inter alia</i> , to convert into new Ordinary Shares at the Subscription Price

“Target Sectors”	the target sectors for investment by the Company including (but not limited to) the precious metals sector, base metals sector, energy sector, industrial minerals sector, soft commodities sector, diamonds sector and other gemstones sector
“UK Corporate Governance Code”	the UK Corporate Governance Code published by the Financial Reporting Council
“UK Takeover Code”	the City Code on Takeovers and Mergers
“UK Takeover Panel”	the Panel on Takeovers and Mergers
“uncertificated” or “in uncertificated form”	recorded on the Register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“US Investment Company Act”	the United States Investment Company Act of 1940, as amended
“US Person”	(i) a ‘US Person’ as defined in Regulation S or (ii) any person who is not a ‘Non-US person’ as that term is defined in Rule 4.7 promulgated under the US Commodity Exchange Act
“US Securities Act”	the United States Securities Act of 1933, as amended
“Westhouse Securities”	Westhouse Securities Limited, the Company’s nominated adviser for the purpose of the AIM Rules

PART I

INFORMATION ON THE COMPANY

1. INTRODUCTION

Praetorian Resources Limited is a newly formed investment holding company incorporated with limited liability in Guernsey on 22 February 2012. The Company has been established by a team of experienced resource and investment professionals to build a new focused natural resource investment vehicle in order to generate positive returns to shareholders.

The Company has assembled an experienced Board from within the natural resource and investment sectors, comprising Richard Lockwood, Malcolm Burne, Andrew Ferguson, Mark Hohnen and Robert King. Richard Lockwood and Malcolm Burne, along with Charles Cannon-Brookes, have each agreed to provide advisory and related services to the Board. Furthermore, the Company has assembled an experienced international advisory team comprising Ian Middlemas and Jamie Strauss who have agreed to act as consultants to the Company, to give advice in relation to the Company's investment strategy and to introduce suitable investment opportunities to the Company. Further details of all the individuals mentioned above are set out in Part III of this document. The Board regards it as a particular opportune time to take advantage from what it sees as the depressed valuations of many mining and energy stocks in the current cycle.

2. INITIAL SHAREHOLDING STRUCTURE

The Cash Placing will consist of Placing Securities, comprising an aggregate of 18,645,020 new Ordinary Shares (with an aggregate of 9,322,510 new Subscription Shares attached on a 1 for 2 basis) at the Issue Price, being £0.50 per new Ordinary Share.

In addition, the Company has agreed to issue Consideration Securities, comprising an aggregate 28,003,866 new fully paid Ordinary Shares (with an aggregate 14,001,933 new Subscription Shares attached on a 1 for 2 basis) credited as fully paid up at the Issue Price pursuant to the terms of the Share Exchange Agreements, in consideration for the transfer to the Company of a portfolio of investments with an aggregate value of £17,306,590 (based on the closing price on 15 June 2012, the last practicable day prior to the publication of this document). The portfolio companies representing 3 per cent. or more of the Company's portfolio (by value) following completion of the Cash Placing, Share Exchanges and Subscription Agreements are listed in Part II of this document.

The issue of 6,566,020 Ordinary Shares and 3,283,010 Subscription Shares are conditional, *inter alia*, on the approval of shareholders of Longships plc and the completion of the Mantle Diamonds Transfer. Accordingly, application will be made for these Ordinary Shares and Subscription Shares to be admitted to trading on AIM as soon as practicable following such approval/completion (as appropriate). Please see paragraph 6 of this Part I for further details.

Applications have been made for all the issued and to be issued Ordinary Shares and Subscription Shares to be admitted to trading on AIM. It is expected that Admission of the Ordinary Shares and the Subscription Shares will become effective, and that trading in the Ordinary Shares and the Subscription Shares will commence on AIM at 8.00 a.m. on 9 July 2012.

3. THE OPPORTUNITY

The Directors believe that volatility across the Target Sectors as well a largely indiscriminate sell-off in 2011 of small and mid-cap stocks has created an opportunity to build a focused investment group, which aims to generate above average returns to Shareholders. The Directors also believe that the recent high levels of market volatility has reduced the availability of equity and debt financing to the smaller and mid cap companies within the Target Sectors. The Directors intend to build a portfolio of good quality companies within the Target Sectors which no longer fit the larger resource and commodity funds' investment mandates by entering into Share Exchange Agreements providing the Company with a portfolio of new investments to rationalise and pro-actively manage.

4. OBJECTIVE AND STRATEGY

In order to capitalise on the opportunity, the Company has assembled a high quality Board and set of advisors with substantial experience and a long term track record within the Target Sectors. The Company has been structured as an investment holding company in order to give the Board maximum flexibility to achieve its goals, and is domiciled in a tax efficient jurisdiction to ensure Shareholders receive the benefit from any realised profits. The Company has secured initial cash subscriptions of £9,322,510 and has banking relationships in place to enable it to refinance its initial portfolio companies and to add new investments. The Company intends to operate as a supportive long term shareholder to such companies, but may also apply an active and hands-on approach where necessary to generate value.

The general investment strategies of the Company will include (but are not limited to):

Fundamental Value Strategies: one of the core areas of focus will be in identifying situations where the Company believes there has been an inherent mispricing of the underlying business given the financial and other risks associated with that investment.

Principal Protection Strategies: the Company may look to enter into structured transactions where, for example, investments are made through debt or other structures designed to protect the principal at risk and thus deliver a downside risk profile more akin to that of a secured lender but where equity upside can be obtained through exposure to warrant or similar equity or quasi-equity instruments.

Event Driven Strategies: the Company may look at investing in event driven transactions including mergers, acquisitions or other special situations where, in the view of the Company, the transaction involved has led to an alteration in a company's financial structure or operating strategy that has the potential to create additional value for investors going forward.

The Company will utilise the contacts and skill of the Board and its advisers to attract and carry out appropriate due diligence on initial portfolio opportunities. A strong cash position will be used to underpin the initial portfolio while management will use its expertise and contact base to source new opportunities. The Company will be looking to take advantage of the tight credit conditions and inherent value currently available in its Target Sectors by investing into new investee companies at attractive valuations. The Company will be looking to aggregate significant stakes in its preferred portfolio companies and to act as a supportive, long term shareholder.

5. INVESTING POLICY

The Company seeks to achieve capital appreciation through the purchase and sale of a wide range of securities and other investments within the Target Sectors including, without limitation and restrictions (including geographic restrictions):

- (i) Traditional direct investments in securities and similar financial instruments including the following:
 - (a) equity securities (predominantly listed);
 - (b) listed and unlisted debt securities that may be rated or not rated (bonds, debt instruments, convertible bonds and bonds with warrants, fund-linked notes with a capital guarantee, loan facilities etc.); and
 - (c) money market instruments denominated in any freely convertible currency.
- (ii) Traditional indirect investments in securities and similar financial instruments of any industrial or commercial sector.

The Company may utilise financial instruments, both for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value of the Company's investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the Company's unrealised gains in the value of the Company's investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Company's portfolio; (v) hedge the interest rate or currency exchange rate on any of the Company's liabilities or assets; (vi) protect against any increase in the price of any securities the Company anticipates purchasing at a later date or (vii) for any other reason that the Directors deem appropriate. When investing via money market instruments and/or traditional indirect investments, the Company will seek to mitigate and/or spread

counterparty risk exposure by collateralisation and/or contracting with a potential range of counterparty banks.

The Company has maximum flexibility without any restriction (including geographic restrictions) to exploit a wide range of investment opportunities within the Target Sectors as they arise and, to this end, the Company has complete flexibility in selecting the specific investment and trading strategies that it sees fit in order to achieve its investment objective. In this regard, the Company may seek to gain Board representation and/or managerial control in its underlying investments if it deems to be the best way of generating value for Shareholders. Opportunities will be chosen through a careful selection process which will appraise both the fundamental factors specific to the opportunity as well as wider economic considerations. Typical factors that will be considered are the strength of management, the quality of the asset base, the investment's scale and growth potential, the commodity price outlook, any geopolitical concerns, the underlying financial position, future working capital requirements as well as potential exit routes. Furthermore, in order to avoid excessive portfolio concentration, the Company will generally hold no more than 20% of its Net Asset Value in any single portfolio company at the time of investment.

No material change will be made to the Company's investing policy without the approval of Shareholders.

6. THE CASH PLACING

The Cash Placing comprises a limited offer to selected investors (including the Advisory & Execution Team) by the Company of an aggregate of 18,645,020 new Ordinary Shares (with an aggregate of 9,322,510 new Subscription Shares attached on a 1 for 2 basis) at the Issue Price of £0.50 per new Ordinary Share, conditional on their Admission, which will raise £9,322,510 (before expenses).

Each Subscription Share will confer the right (but not the obligation) to subscribe for one new Ordinary Share upon exercise of the Subscription Rights and on payment of the Subscription Price. The Subscription Price of £0.70 per new Ordinary Share represents a 40 per cent. premium to the Issue Price.

The Subscription Rights may be exercised by notice in writing to the Company on the last business day in each calendar month after and including the last business day in July 2012) up until (and including) the last business day in July 2015, after which the Subscription Rights will lapse. The new Ordinary Shares arising on exercise of the Subscription Rights will be allotted within 10 days of the relevant subscription date.

Further details of the Cash Placing are set out at Part V of this document and further details of the Cash Placing Agreements are set out in paragraph 7.7 of Part X of this document.

One of the investors which has conditionally subscribed for 4,616,020 new Ordinary Shares (with 2,308,010 Subscription Shares attached) at the Issue Price is Longships plc, whose ordinary shares are admitted to trading on AIM. The three members of the Advisory & Execution Team are all shareholders in Longships plc and Malcolm Burne and Charles Cannon-Brookes are also directors of Longships plc. Such subscription by Longships plc is therefore being treated as a 'related party transaction' in so far as Longships plc is concerned for the purpose of Rule 13 of the AIM Rules and completion of which is subject to the approval of the independent shareholders of Longships plc. The Company's nominated adviser, Westhouse Securities, is also nominated adviser to Longships plc.

7. THE SHARE EXCHANGES

Under the terms of the Share Exchange Agreements, the Company has agreed with certain proposed investors (including the Advisory & Execution Team) to acquire, conditionally, *inter alia*, upon Admission, a portfolio of investments, which the Board has identified as being investments in the Target Sectors in line with the Company's strategy, with an aggregate value of approximately £17,306,590 (based on the closing price on 15 June 2012, the last practicable day prior to the publication of this document), in return for the issue of, in aggregate, 28,003,866 fully paid new Ordinary Shares (with in aggregate, 14,001,933 new Subscription Shares attached).

The issue of 1,950,000 Ordinary Shares and 975,000 Subscription Shares of the Consideration Shares pursuant to one of the Share Exchange Agreements is conditional on the completion of the Mantle Diamonds Transfer. Accordingly, application will be made for these Ordinary Shares and Subscription Shares to be admitted to trading on AIM as soon as practicable following such completion.

At Admission, the Group will become the beneficial owner of these investments. The Company has no further agreements or understandings with the Share Exchange Vendors in relation to these investments and the Company may hold or dispose of these shareholdings at its complete discretion.

8. USE OF PROCEEDS

The Cash Placing is conditional, *inter alia*, upon Admission. The Net Proceeds of the Cash Placing will be used to fund investments for the Company in accordance with the investment objective, strategy and policies outlined in this document, and to pay the Company's initial fees and expenses and ongoing ancillary costs.

9. BORROWING

Under its memorandum of incorporation, the objects and powers of the Company are not restricted. Under the Articles, the Company has express power to borrow money and to give security in any manner.

10. DIVIDEND POLICY

The Directors may wish to declare a dividend at any time in the future to shareholders, if they consider it appropriate to do so. To the extent that a dividend is declared, it will be paid in compliance with any applicable laws.

11. CALCULATION OF NET ASSET VALUE

An estimated Net Asset Value per Ordinary Share will be calculated quarterly by the Directors (excluding any Director who is a member of the Advisory & Execution Team) and will be notified via a Regulatory Information Service provider to the London Stock Exchange. The Net Asset Value will be determined and calculated by the Administrator at the year-end in accordance with IFRS (unless otherwise deemed appropriate by the Board).

Listed portfolio companies will be valued at the relevant bid price at the close of business on the calculation date, provided that the market for these securities is liquid or that, in the Board's view, the market price substantially reflects the value assigned to these securities by investors. Where this is not the case, listed portfolio companies will be valued at fair value, which will not be above the relevant bid price and shall be estimated by the Board using primary valuation methodologies such as earnings multiples, discounted cash flows, recent transactions and net assets in accordance with IFRS. Where fair value cannot be reliably measured, the portfolio company will be carried at the previous reporting date value unless there is evidence that the value of the portfolio company has since impaired. In such cases, the value will be reduced to reflect the estimated extent of the impairment.

Unlisted portfolio companies will be valued in accordance with IFRS in a manner determined by the Directors to reflect the amount for which such assets could be exchanged between knowledgeable, willing parties in arm's length transactions. In assessing this, the Directors may take account of, *inter alia*, advice from independent third party valuers, recent arm's length transactions between knowledgeable, willing parties, if available, recent market events, reference to current fair values of other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

The calculation of valuations will be suspended in circumstances where the underlying data necessary to value the portfolio companies cannot readily, or without undue expenditure, be obtained. Such suspension will be communicated to investors via a Regulatory Information Service provider.

12. FURTHER ISSUES OF SHARES

The Company intends to issue further Ordinary Shares (and possibly also further Subscription Shares) as and when it is considered by the Board appropriate to do so.

As referred to in paragraph 3.5 of Part X of this document, there are no provisions of Guernsey law equivalent to sections 561 *et seq.* of the Companies Act 2006 (as amended) in the UK which confer

pre-emption rights on existing shareholders in connection with the allotment or issue of equity securities for cash.

13. REPURCHASE OF SHARES

A shareholder resolution, expressed to take effect on Admission, has been passed granting the Company authority to make market purchases of up to 14.99 per cent. of the Ordinary Shares and 14.99 per cent. of the Subscription Shares in issue during any twelve month period. Any repurchase of Ordinary Shares or Subscription Shares will be made subject to the laws of Guernsey and within guidelines established from time to time by the Board (which will take into account the income and cash flow requirements of the Company) and will be at the absolute discretion of the Board, and not at the option of the Shareholders. This authority will lapse on the date of the Company's next annual general meeting or 18 months from Admission. Subject to Shareholder authority for proposed repurchases, general purchases of up to 14.99 per cent. of the Ordinary Shares in issue and up to 14.99 per cent. of the Subscription Shares in issue will only be made through the market. The minimum price (exclusive of expenses) which may be paid for an Ordinary Share or a Subscription Share is £0.01 per share and the maximum price (exclusive of expenses) which may be paid for an Ordinary Share or a Subscription Share shall be not more than five per cent. above the average of the middle market quotation for the Ordinary Shares or the Subscription Shares (as appropriate) for the five business days before the purchase is made.

Any repurchase by the Company of 15 per cent. or more of any class of its shares (excluding shares of that class held in treasury) will be affected by way of a tender offer to all Shareholders of that class.

14. REPORTS AND FINANCIAL STATEMENTS

Audited annual financial statements will be made up to 31 March in each year and unaudited interim financial statements will be made up to 30 September in each year. An annual report and the audited financial statements of the Company will be sent to Shareholders as soon as practicable and in any event within six months of the financial year end, and the unaudited interim financial statements of the Company will be sent to Shareholders as soon as practicable and in any event within three months of the half-year end. The Company's first financial year end will be 31 March 2013.

The Company's audited annual financial statements will be prepared in accordance with IFRS and the unaudited interim financial statements will be presented and prepared in a form consistent with that which will be adopted in the audited annual financial statements.

15. UK TAKEOVER CODE

The UK Takeover Code applies, *inter alia*, to offers for all public companies (other than open ended investment companies) which have their registered office in the United Kingdom, the Channel Islands or the Isle of Man and which are considered by the UK Takeover Panel to have their place of central management and control in the United Kingdom, the Channel Islands or the Isle of Man. The Company is currently subject to the provisions of the UK Takeover Code, as it is deemed to have its place of central management and control in the United Kingdom, the Channel Islands or the Isle of Man for this purpose. This means that investors will currently be afforded the protections of the UK Takeover Code.

16. LOCK-IN ARRANGEMENTS

Each of the Directors has agreed not to (and to procure that their respective related parties do not) dispose of any interest in Ordinary Shares for a period of one year following Admission, except in certain restricted circumstances, in accordance with Rule 7 of the AIM Rules for Companies. Details of these lock-in arrangements are set out in paragraph 7.9 of Part X of this document.

17. SHAREHOLDER NOTIFICATION AND DISCLOSURE REQUIREMENTS

Under the terms of the Articles, Shareholders in the Company are obliged to comply (where necessary) with the notification and disclosure requirements set out in Chapter 5 of the Disclosure and Transparency Rules, as if the Company were a UK domestic company. The Disclosure and Transparency Rules can be accessed and downloaded from the FSA's website at <http://fsahandbook.info/FSA/html/handbook/DTR/5>.

Further details of these notification and disclosure requirements are summarised in paragraph 4.5 of Part X of this document. Shareholders are urged to consider their notification and disclosure obligations carefully, because a failure to make a required disclosure to the Company may result in disenfranchisement.

18. ON-GOING AND ANNUAL EXPENSES

The Company will incur on-going and annual expenses. These fees and expenses are incidental to the management and administration of the Company. These fees and expenses include, among others, fees payable to the Directors, the auditors, the Company's nominated adviser and broker and interest on any bank borrowings.

19. TYPICAL INVESTOR

Typical investors in the Company are expected to be sophisticated investors with an understanding of the risks inherent in investment in an investment holding company such as the Company and an ability to accept the potential total loss of all capital invested in the Company.

PART II

INITIAL PORTFOLIO

The information contained in this Part II is for illustration purposes only. The information in respect of each company listed below has not been independently verified or audited and there is no guarantee that any financial performance will be achieved.

The Initial Portfolio being transferred to the Company pursuant to the Share Exchange Agreements and conditional upon Admission, has an aggregate value of £17,306,590 (based on the closing price on 15 June 2012, the last practicable day prior to the publication of this document) and includes the following listed or quoted portfolio companies, being the portfolio companies representing 3 per cent. or more of the Company's portfolio (by value) following completion of the Cash Placing, Shares Exchanges and Subscription Agreements:

Galileo Resources plc

Approximate value: £3,160,000

Galileo Resources plc is quoted on AIM and has a market capitalisation of approximately £30 million. Galileo Resources plc is in the process of developing its Glenover phosphate/rare earth asset in South Africa.

A-Cap Resources Limited

Approximate value: £2,653,000

A-Cap Resources Limited is quoted on the Australian Stock Exchange and has a market capitalisation of approximately A\$25 million. A-Cap Resources Limited's principal properties are in Botswana where it is exploring for uranium. A-Cap has a current JORC compliant resource of c.350 Mlbs and is currently undertaking a bankable feasibility study with production targeted for 2014 at what will be Botswana's first uranium mine.

Maya Gold & Silver Inc.

Approximate value: £1,873,000

Maya Gold & Silver Inc. is listed on the TSX Venture Exchange and has a current market capitalisation of approximately C\$15 million. Maya Gold & Silver Inc. is focused on developing its silver properties in Morocco with its most advanced asset, the Zgounder mine, expected to be less than 18 months away from first production.

Sovereign Mines of Africa plc

Approximate value: £1,740,000

Sovereign Mines of Africa plc is quoted on AIM and has a market capitalisation of approximately £10m. Sovereign Mines of Africa plc is in the process of developing its five gold exploration projects in Guinea, with its flagship asset Mandiana-Magana being a joint venture with the Guinean government.

Australasian Resources Limited

Approximate value: £1,609,000

Australasian Resources Limited is quoted on the Australian Stock Exchange and has a market capitalisation of approximately A\$57 million. Australasian Resources Limited, through its wholly owned subsidiary International Minerals Pty Ltd, plans to develop the Balmoral South Iron Ore Project in the Pilbara region of Western Australia.

Equatorial Palm Oil plc

Approximate value: £1,393,000

Equatorial Palm Oil plc is an AIM listed crude palm oil producer with a market capitalisation of approximately £15 million and was founded in 2005 and is focused on becoming a global, sustainable, low-cost producer through the reactivation and development of its existing palm oil estates and significant land position in Liberia, West Africa.

Ampella Mining Limited

Approximate value: £1,335,000

Ampella Mining Limited is quoted on the Australian stock exchange and has a market capitalization of approximately A\$120 million. Ampella Mining Limited is an emerging, near-term gold production and development company with gold assets in Burkina Faso, West Africa. Ampella Mining Limited is solely focused on developing the Konkera Resource and exploring a pipeline of high quality gold prospects across its Batie West Project.

Mantle Diamonds Limited

Approximate value: £975,000

Mantle Diamonds Limited is a private, UK-based diamond mining and exploration company with projects at varying levels of exploration and development in Botswana, Canada, Finland and the DRC. Its principal asset is its 100 per cent. stake in the Lerala mine in Botswana which is currently in the process of ramping up its production levels. Mantle's team is predominantly made up of ex-De Beers employees whose core strategy at Mantle is to acquire diamond assets with near term production capability and to become a significant independent producer and seller of diamonds, generating cash flow and delivering value for shareholders.

(*values based on the closing prices of such shares on 15 June 2012, being the last practicable date prior to the publication of this document, as derived from Bloomberg)

PART III

DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE

1. MANAGEMENT OF THE COMPANY

The Company's operations will be managed with a view to ensuring that the Company remains at all times resident for tax purposes in Guernsey. Consequently, all management and control decisions will be reserved for resolution by the full Board, meetings of which will only be held in Guernsey. Any Directors or staff engaged by the Company and operating on a day-to-day basis from a location in the United Kingdom or elsewhere will not undertake any functions from those locations which would, or might, have the effect of altering the location of the place of tax residence of the Company.

2. THE BOARD

The Directors are:

Robert Paul King (*aged 48*) (*Chairman*)

Rob is a non-executive director of a number of open and closed ended investment funds and companies. He was a director of Cannon Asset Management Limited and its associated companies from October 2007 to February 2011. Prior to this, he was a Director of Northern Trust International Fund Administration Services (Guernsey) Limited (formerly Guernsey International Fund Managers Limited) where he had worked from 1990 to 2007. He has been in the offshore finance industry since 1986 specialising in administration and structuring of offshore open and closed ended investment funds. Rob is British and resident in Guernsey.

Richard Arthur Lockwood (*aged 68*)

Richard was until recently the senior resource fund manager at CQS Asset Management Ltd having merged his New City Investment Management group with CQS in 2007. Prior to that, he was a senior fund manager at Invesco and a partner at Hoare Govett with responsibility for the mining department. He has held fund management positions at New City High Yield Fund Limited, City Merchants High Yield Trust Plc, City Natural Resources High Yield Trust plc and Geiger Counter Ltd. Richard has extensive experience in the financial securities markets in the United Kingdom, Australia, and South Africa and a number of his previous funds have achieved long term, top quartile ranked performance

Malcolm Alec Burne (*aged 68*)

Malcolm started his career in stock broking as an equity analyst and then later as investment editor of The Financial Times and Telegraph group. He has managed and controlled fund management, venture capital and investment banking companies in Australia, Hong Kong and North America. Malcolm has been a director of over 20 international companies, many of which have been in the mineral resources and gold exploration fields. He was founder of Ambrian Capital plc and former chairman of Australian Bullion Company, and is currently the non-executive chairman of Golden Prospect Precious Metals Limited.

Andrew Charles Ferguson (*aged 39*)

Andrew is the Executive Director and the Chief Executive Officer of APAC Resources. He holds a Bachelor of Science Degree in Natural Resource Development and was a mining engineer in Western Australia in the mid 1990's. In 2003, he was co-founder of New City Investment Managers in England. He has a proven track record in fund management and was the former co-fund manager of City Natural Resources High Yield Trust, which was awarded 'Best UK Investment Trust' in 2006. He also worked for CQS LLP ("**CQS**") in Hong Kong as the Chief Investment Officer for New City Investment Managers CQS and a Senior Portfolio Manager for CQS. He has worked in the finance industry for over 15 years specialising in global natural resources.

Mark Ainsworth Hohnen (*aged 62*)

Mark was until recently the Executive Chairman of Kalahari Minerals plc which held a 43 per cent. shareholding in Extract Resources, the ASX listed uranium company which was focused on developing the Husab Project in Namibia, the world's third largest known primary uranium deposit. Extract Resources was recently sold to a consortium of Chinese institutional investors for US\$2.2 billion. Mark has had extensive international business experience in a wide range of industries including mining, property, fund management, investment, software and agriculture. He has held a number of directorships in both public and private companies and was founding Chairman of Cape Mentelle and Cloudy Bay wines, as well as the UK listed royalty business, Anglo Pacific Resources Plc. Mark is currently the Chairman of Wildhorse Energy, the ASX listed Hungarian uranium and UGC company.

3. THE ADVISORY & EXECUTION TEAM

The members of the Advisory & Execution Team are:

Richard Arthur Lockwood

Malcolm Alec Burne

Charles Cannon-Brookes (*aged 36*)

Charlie is the Investment Director of Arlington Group Asset Management Limited (FSA regulated - reference number 172337) and since 2005 has managed Arlington Special Situations Fund, a Cayman domiciled OEIC. For the previous five years (2000 – 2005), he ran Arlington Group Plc's proprietary trading book, managing all of its public equity exposure. Before that, he was a research analyst at Barclays de Zoete Wedd and then ABN Amro (Sydney), before moving to Jupiter Asset Management in 1998. He has extensive fund management experience and has advised and sat on the board of a number of other funds and trusts in a non-executive capacity.

Each member of the Advisory & Execution Team has entered into an agreement to provide advisory and related services to the Board each for an initial term of 12 months from the date of Admission in return for an annual fee of £30,000 (in respect of Richard Lockwood and Malcolm Burne) and £50,000 (in respect of Charles Cannon-Brookes). Each appointment is terminable on not less than 6 months' written notice given by either party expiring after the initial 12 month period. Further details of these agreements are set out in paragraphs 5.6, 5.7 and 7.11 of Part X of this document.

Charles Cannon-Brookes is considered to be an 'investment manager' of the Company for the purposes of the AIM Rules for Companies because he is a member of the Advisory & Execution Team whilst not being a Director or employee of the Company. Charles Cannon-Brookes is not, and needs not be, regulated or authorised for the purposes of FSMA in respect of his Advisory & Execution Team role (see paragraph 14.4 of Part X of this document for further information).

4. PERFORMANCE INCENTIVE ARRANGEMENTS

The interests of the Advisory & Execution Team will be aligned with the interests of the Company and its Shareholders through performance incentive arrangements, which are designed to reward the Advisory & Execution Team in the event of the superior performance of the Company's portfolio of investments.

Praetorian Portfolio Holding L.P.

All of the Company's investments will be made, and realised returns repatriated, via Praetorian Portfolio Holding L.P. Save for PSLP, the Company will be the sole limited partner in Praetorian Portfolio Holding L.P. and the Company's wholly-owned subsidiary, Praetorian Resources (GP) Limited, will act as its general partner. PSLP is a special limited partner under the terms of the Limited Partnership Agreement for the purposes of receiving performance incentive payments.

PSLP has been established as a vehicle from which entitlement to receive interests in the performance incentive fee payments can be allocated to the Advisory & Execution Team. PSLP is ultimately controlled by the Company through Praetorian Resources (GP) Limited which also acts as the general partner of

PSLP. Allocations of limited partner interests in PSLP, from time to time, to members of the Advisory & Execution Team will therefore be determined at the discretion of the Board.

Performance Incentive Payments

Under the terms of the Limited Partnership Agreement, for any financial year (a “**Performance Period**”), PSLP is entitled to receive from Praetorian Portfolio Holding L.P. a performance incentive payment equal to 20 per cent. of the aggregate return over the full or pro-rata (in the case of partial realisations) cost of investment (including all pro-rata out-of-pocket costs relating to such investment) received by Praetorian Portfolio Holding L.P. and Praetorian Resources (GP) Limited following the full or partial cash realisation of an investment. The payment of a performance incentive payment is conditional upon the Net Asset Value per Ordinary Share at the end of the relevant Performance Period (as adjusted, *inter alia*, to add back the value of any distributions and accrued but unpaid performance incentive payments) being greater than the Net Asset Value per Ordinary Share at Admission or, if a performance incentive payment has previously been paid, the Net Asset Value per Ordinary Share when a performance incentive payment was last paid. In addition, performance incentive payments will be adjusted up or down by such amount as is required to achieve the position that, following such distribution: (i) the aggregate cumulative amount of performance incentive payments will equal 20 per cent. of the Eligible Performance Incentive Payment Proceeds; and (ii) the Net Asset Value at the end of the relevant Performance Period is not less than the Net Asset Value per Ordinary Share at Admission or, if a performance incentive payment has previously been paid, the Net Asset Value per Ordinary Share when a performance incentive payment was last paid.

“**Eligible Performance Incentive Payment Proceeds**” means the greater of the sum of the realised gains and realised losses on each investment (or part thereof) disposed of by Praetorian Portfolio Holding L.P. prior to the date of such distribution (including the realised gains on the Investment(s) (or part(s) thereof) giving rise to such distribution) since the start of the relevant Performance Period to the date of such distribution or payment (as applicable).

Performance incentive payments shall be distributed within 20 business days of completion of the audit for the relevant Performance Period (with the first such calculation taking place as at 31 March 2013).

PSLP’s entitlement to receive Performance Incentive Payments shall cease immediately following the Retirement Date.

“**Retirement Date**” means the earlier to occur of: (i) the Praetorian Resources Retirement Date; (ii) the date an election to dissolve Praetorian Portfolio Holding L.P. is passed pursuant to the Limited Partnership Agreement; and (iii) the date on which a takeover offer for the Company becomes unconditional.

“**Praetorian Resources Retirement Date**” means the later of: (i) the effective date on which all of Richard Lockwood, Malcolm Burne and Charles Cannon-Brookes have ceased to be engaged by the Company to provide services to the Group; and (ii) the effective date of termination of the Administration and Support Services Agreement.

On the occurrence of the Retirement Date the Company has agreed to purchase PSLP’s interest in Praetorian Portfolio Holding L.P. for an amount equal to 20 per cent. of the sum of the realised gains and realised losses on each investment (or part thereof) disposed of received by Praetorian Portfolio Holding L.P. prior to the date of such distribution (including the realised gains on the Investment(s) (or part(s) thereof) giving rise to such distribution) since the end of the previous Performance Period provided that the sum (i) shall be £1.00 if the Net Asset Value per Share at the Retirement Date (as adjusted, *inter alia*, to add back the value of any distributions and accrued but unpaid performance incentive payments) does not exceed the Net Asset Value at Admission and, if a performance incentive payment has been paid, the Net Asset Value when a performance incentive payment was last paid; and (ii) will be adjusted up or down by such amount as is required to achieve the position that, following such distribution: (a) the aggregate cumulative amount of performance incentive payments and the consideration for PSLP’s interest will equal 20 per cent. of the Eligible Performance Incentive Payment Proceeds; and (ii) the Net Asset Value at the Retirement Date is not less than the Net Asset Value per Ordinary Share at Admission or, if a performance incentive payment has previously been paid, the Net Asset Value per Ordinary Share when a performance incentive payment was last paid.

Members of the Advisory & Execution Team may from time to time be allocated limited partner interests in PSLP which entitle them to receive a defined proportionate share of any performance incentive payments received by PSLP from Praetorian Portfolio Holding L.P. The entitlement to receive a proportionate share of future performance incentive payments will, at the discretion of the Board, cease on any member of the Advisory & Execution Team ceasing to be involved in activities promoting the performance of the Praetorian Resources Group. However, except in certain circumstances this will not affect such person's accrued but undrawn entitlements to already receive performance incentive payments.

5. INTERNATIONAL ADVISORY TEAM

The following individuals have entered into consultancy agreements with the Company to give advice in relation to the Company's investment strategy and to introduce suitable investment opportunities to the Company:

Ian Middlemas

Ian is a Chartered Accountant, a member of the Financial Services Institute of Australasia and holds a Bachelor of Commerce degree. He worked for a large international Chartered Accounting firm before joining the Normandy Mining Group where he was a senior group executive for approximately 10 years. He has had extensive corporate and management experience, and is currently a director with a number of publicly listed companies.

Jamie Strauss

Jamie has worked for 25 years as a stockbroker in The City of London, specialising in the resource, energy and commodity arena. Having left BMO Capital Markets as Managing Director of UK in 2009, Mr. Strauss is currently a director of mining finance boutique, Strauss Partners. Mr. Strauss has raised in excess of US\$1bn in recent years for projects spanning the globe in both the energy and mineral world from leading institutions in North America, Australia and Europe. Mr Strauss has been a committee member of the Association of Mining Analysts for the last four years. He was previously Managing Director of UK Equity Products at BMO Capital Markets and prior to that a director of Institutional Sales at Hargreave Hale. Jamie has over 20 years experience in the finance industry and serves as a non-executive director of Altius Minerals, Extorre Gold Mines and Wildhorse Energy.

Each of the above consultants has entered into a consultancy agreement with the Company, further details of which are set out in paragraph 7.12 of Part X of this document.

6. POTENTIAL CONFLICTS OF INTEREST

The Group may, whether for the account of a member of the Group or otherwise to the extent permitted by applicable law, engage in transactions with any member of the Advisory & Execution Team which could cause a conflict of interest. Members of the Advisory & Execution Team may also be involved in other financial, investment or professional activities which may, on occasion, give rise to conflicts of interest with the Group (e.g. each member of the Advisory & Execution Team may give advice and recommend securities to other managed accounts or investment companies or funds which may differ from advice given to, or securities recommended or bought for, the Board). Furthermore, each member of the Advisory & Execution Team may carry on investment activities for his own account (and his family).

The agreements for services entered into by each of the members of the Advisory & Execution Team with the Company does not impose any specific obligations or requirements concerning the allocation of time, effort or investment opportunity by any member of the Advisory & Execution Team to the Board. Each member of the Advisory & Execution Team will devote as much of his time to the activities of the Company as he deems necessary and appropriate. No member of the Advisory & Execution Team is restricted from forming additional investment entities, from entering into other advisory relationships, or from engaging in other business activities, even though such activities may be in competition with the Company and/or may involve substantial time and resources of such member of the Advisory & Execution Team. These activities could be viewed as creating a conflict of interest in that the time and effort of a member of the Advisory & Execution Team will not be devoted exclusively to the business of the Company.

In the event of a conflict of interest arising involving any member of the Advisory & Execution Team, such member of the Advisory & Execution Team will notify the Board and seek to resolve such conflict of interest fairly. Each member of the Advisory & Execution Team will have regard to its obligations under his agreement with the Company and to act in the best interests of the Company when potential conflicts of interest arise.

7. OTHER SERVICE PROVIDERS

7.1 Arlington

Arlington is a UK based FSA regulated company (FSA number: 172337). Richard Lockwood, Malcolm Burne and Charles Cannon-Brookes each hold approximately 31 per cent. of the issued share capital of Arlington. It was initially founded as Lion Resource Management Limited. Arlington will be engaged by the Company, via the Administration and Support Services Agreement to provide certain core non-operational services to the Company on a continuing basis. Under this agreement, Arlington will provide a range of administration and support services, including shareholder relations services, to the Company. The terms of the Administration and Support Services Agreement will be subject to regular review by the Board's remuneration committee to ensure they remain on market terms and that the services are provided for an appropriate cost relative to available market comparisons.

Further details of the Administration and Support Services Agreement are set out at paragraph 7.4 of Part X of this document.

7.2 The Custodian

ABN AMRO (Guernsey) Limited has been appointed as custodian to the Group's assets and, in that capacity, is responsible for ensuring safe custody and dealing with settlement arrangements. The appointment is terminable, *inter alia*, upon three calendar months' notice given by either party. ABN AMRO (Guernsey) Limited will be entitled to receive a custodial fee from Praetorian Portfolio Holding L.P. acting by its general partner Praetorian Resources (GP) Limited (the "**Partnership**") at the rate of 0.08 per cent. of the net asset value of the Company (as defined in that agreement). Investment transaction fees of £75.00 per trade are also payable. A summary of the main provisions of the Custodian Agreement is set out in paragraph 7.6 of Part X.

The Custodian is a company limited by shares incorporated in Guernsey on 6 September 1984 with company registration number 13263 whose registered office is at Martello Court, Admiral Park, St Peter Port, Guernsey GY1 3QJ. The Custodian is authorised and regulated by the GFSC.

7.3 The Administrator

The Company has appointed Legis Fund Services Limited to act, subject to the overall supervision of the Directors, as its administrator pursuant to the Administration Agreement. Further details of the Administration Agreement are set out in paragraph 7.5 of Part X of this document.

7.4 The Registrar

The Company has appointed Computershare Investor Services (Guernsey) Limited to act as its registrar. Further details of this agreement with the Registrar are set out in paragraph 7.10 of Part X of this document.

8. CORPORATE GOVERNANCE

The Directors support high standards of corporate governance and, although there are no corporate governance rules in Guernsey that would apply to the Company, confirm that following Admission, the Company intends (having regard to its size and nature) to comply, so far as it considers practicable and appropriate, with the UK Corporate Governance Code and will give consideration to the recommendations on corporate governance in the QCA Guidelines. The Company will hold regular board meetings and the Board will be responsible for formulating, reviewing and approving the Company's strategy, budgets and acquisitions.

Audit Committee

The Company has established an Audit Committee which comprises Mark Hohnen (Chairman), Rob King and Andrew Ferguson. The Audit Committee will meet as often as required and at least twice a year. The Audit Committee's main functions include, *inter alia*, reviewing the effectiveness of internal control systems and risk assessment, considering the need for an internal audit, making recommendations to the Board in relation to the appointment and remuneration of the Company's auditors and monitoring and reviewing annually their independence, objectivity, effectiveness and qualifications. The Audit Committee will also monitor the integrity of the financial statements of the Company including its annual and interim reports, preliminary results' announcements and any other formal announcement relating to financial performance.

The Audit Committee will be responsible for overseeing the Company's relationship with the external auditors, including making recommendations to the Board on the appointment of the external auditors and their remuneration. The Audit Committee will consider the nature, scope and results of the auditors' work and reviews, and develop and implement policy on the supply of non-audit services that are to be provided by the external auditors. The Audit Committee will focus particularly on compliance with legal requirements, accounting standards and the relevant AIM Rules for Companies and ensuring that an effective system of internal financial and non-financial controls is maintained. The ultimate responsibility for reviewing and approving the annual report and accounts will remain with the Board.

The identity of the Chairman of the Audit Committee will be reviewed on an annual basis and the membership of the Audit Committee and its terms of reference will be kept under review. All members of the Audit Committee must be non-UK tax resident. Only independent Directors, who are not involved in providing advisory and execution services to the Company will serve on the Audit Committee and members of the Audit Committee will have no links with the Company's external auditors.

Remuneration Committee

The Remuneration Committee comprises Rob King (Chairman), Mark Hohnen and Andrew Ferguson. The Remuneration Committee will meet not less than once a year and will have responsibility for considering the remuneration of the other Board members and the fees paid to Arlington under the Administration and Support Services Agreement as well as other service providers. The Committee will review the remuneration of the Chairman and Directors against the fees paid to directors of other property development and investment companies of a comparable size.

Nominations Committee

The Nominations Committee comprises Rob King (Chairman), Mark Hohnen and Andrew Ferguson. It will: (i) assist the Board by identifying individuals qualified to become Board members, and selecting, or recommending that the Board select, the director nominees for election at the annual or special meetings of the Shareholders or for appointment to fill vacancies; (ii) recommend to the Board director nominees for each committee of the Board; (iii) advise the Board about appropriate composition of the Board and its committees; (iv) lead the Board in its annual review of the performance of the Board and its committees; and (v) perform such other functions as the Board may assign to the committee from time to time.

9. SHARE DEALING CODE

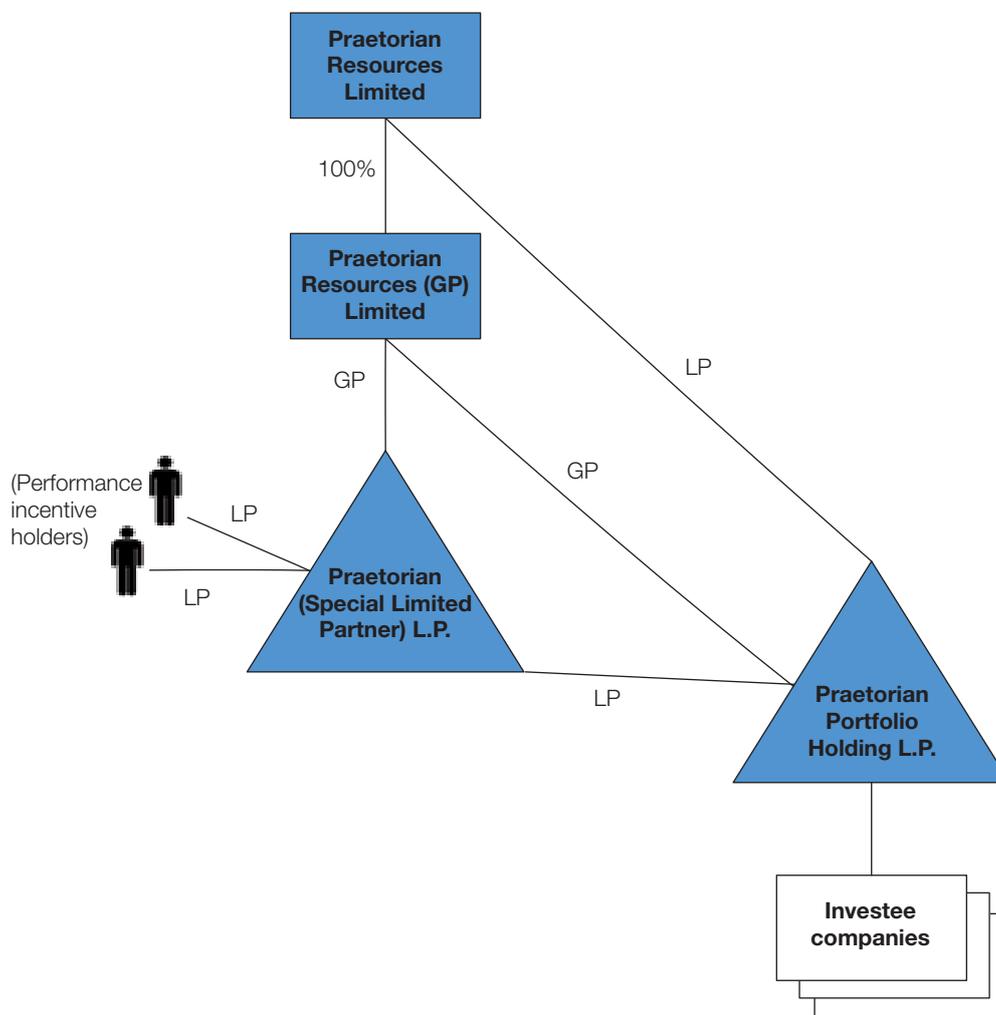
The Company has adopted a share dealing code for the Board, in conformity with the requirements of Rule 21 of the AIM Rules for Companies, and will take steps to ensure compliance by the Board and senior staff with the terms of the policy.

PART IV

GROUP STRUCTURE

1. PRAETORIAN RESOURCES GROUP

The Praetorian Resources Group structure, following Admission, will be as follows:



2. PRAETORIAN PORTFOLIO HOLDING L.P.

All investments made by the Company will be made via Praetorian Portfolio Holding L.P. The general partner of Praetorian Portfolio Holding L.P. is Praetorian Resources (GP) Limited, a wholly-owned subsidiary of the Company.

Further details in relation to the performance incentive arrangements are set out in paragraph 4 of Part III and paragraph 8 of Part X of this document.

3. TAXATION

Information concerning the tax status of the Company in the UK and as a company incorporated in Guernsey and the taxation of certain Shareholders is contained in Part VIII of this document. If any potential investor is in any doubt about the tax consequences of acquiring, holding or disposing of Ordinary Shares or Subscription Shares, he or she should seek advice from his or her own independent professional adviser.

PART V

THE CASH PLACING

1. DESCRIPTION OF THE PLACING

The Cash Placing comprises a limited offer by the Company of Placing Securities, comprising an aggregate of 18,645,020 new Ordinary Shares (with an aggregate of 9,322,510 new Subscription Shares attached on a 1 for 2 basis), to raise Gross Proceeds of £9,322,510 (Net Proceeds of approximately £8,819,510). The Placing Securities have been offered to selected investors (including the Advisory & Execution Team) at the Issue Price of £0.50 per new Ordinary Share. On Admission, the Subscription Shares will become fully detached from the Ordinary Shares and trade separately on AIM. No offer of securities to the public in the EEA has been made for which a prospectus is required to be produced and the Cash Placing is not underwritten. The Cash Placing is conditional, *inter alia*, on Admission. The costs incurred by the Company in respect of the Cash Placing and Admission, being approximately £503,000, include, *inter alia*, commissions and fees payable under the Placing, registrar's fees, admission fees, printing costs, legal, advisory and accounting fees and any other applicable expenses.

2. CASH PLACING AGREEMENTS

Under the Cash Placing, the Placing Securities have been offered to a limited number of selected investors in the UK and certain other jurisdictions on the basis that such investors enter into Cash Placing Agreements with the Company. No Placing Securities have been sold or are available in whole or in part to the public in the UK or elsewhere in connection with the Cash Placing. Neither the Ordinary Shares nor the Subscription Shares have been, and will not be, registered under the US Securities Act and may not be offered or sold within, or to persons in, the United States, except pursuant to an exemption from the registration requirement of the US Securities Act and applicable US State securities laws. The Cash Placing is subject to the satisfaction of conditions contained in the Cash Placing Agreements, including Admission occurring on or before 9 July 2012 (or such later date as the Company, Westhouse and Ocean agree).

Further details of the terms of the Cash Placing Agreements are set out in paragraph 7.7 of Part X of this document. The Placing is not being underwritten.

3. ADMISSION, SETTLEMENT AND DEALINGS

Applications have been made to the London Stock Exchange for the Ordinary Shares and for the Subscription Shares (comprising the Placing Securities) to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence on AIM in both the Ordinary Shares and the Subscription Shares on 9 July 2012. The Ordinary Shares and the Subscription Shares will be in registered form and the Registrar will be responsible for the maintenance of the Shareholder and Subscription Shareholder registers.

CREST is a paperless settlement procedure, enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument in accordance with the CREST Guernsey Requirements. The Articles permit the holding and transfer of Ordinary Shares to be evidenced in uncertificated form in accordance with the CREST Guernsey Requirements. Applications have been made for all of the issued and to be issued Ordinary Shares and for the issued and to be issued Subscription Shares to be eligible for admission to CREST with effect from Admission and Euroclear has agreed to such admission. Accordingly, settlement of transactions in the Ordinary Shares and in the Subscription Shares following Admission may take place in CREST.

It is expected that the Ordinary Shares and the Subscription Shares will be registered in the names of the Placees and issued either: (a) in certificated form, where the Placee so elects, with the relevant share certificates for Ordinary Shares and Subscription Shares expected to be dispatched by post, at the Placee's risk, by 16 July 2012; or (b) in CREST, where the Placee so elects and only if the Placee is a 'system member' (as defined in the CREST Regulations) in relation to CREST, with delivery (to the designated CREST account) of the Ordinary Shares and the Subscription Shares subscribed for, which is expected to take place on 9 July 2012. CREST is a voluntary system and holders of Ordinary Shares and/or Subscription Shares who wish to receive and retain share certificates will be able to do so. All the

Ordinary Shares and the Subscription Shares will be in registered form and no temporary documents of title will be issued. All documents or remittance sent by or to a place, or as Placees may direct, will be sent through the post at their risk.

4. OVERSEAS INVESTORS

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any Placing Securities (i) in any jurisdiction in which such offer, invitation or solicitation is not authorised; (ii) in any jurisdiction in which the person making such offer, invitation or solicitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer, invitation or solicitation. The distribution of this document and any accompanying documents, and the offer and sale of the Placing Securities may be restricted by law. Persons into whose possession this document and any accompanying documents come must therefore inform themselves about and observe any such restrictions.

Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, no document may be distributed, forwarded to or transmitted in, into or from the United States, Canada, Japan, South Africa or the Republic of Ireland or to any US Person. Any person within the United States and any US Person who obtains a copy of this document must disregard it.

No public offering of the Placing Securities is being made in any jurisdiction. No action has been or will be taken by the Company or its affiliates that would permit the offer or sale of the Placing Securities or possession or distribution of this document or any accompanying documents in any jurisdiction where action for that purpose is required.

PART VI

DETAILS OF THE SUBSCRIPTION SHARES

Terms of the Subscription Shares

The rights and obligations attaching to the Subscription Shares are set out in full below, as extracted from the Articles, a copy of which is available from the Company's website – www.praetorianresources.com or from the registered office of the Company.

(a) Subscription Rights

- (i) A registered holder for the time being of Subscription Shares (a "**Subscription Shareholder**") shall have the right ("**Subscription Rights**") to convert all or any of his Subscription Shares into fully paid Ordinary Shares on the basis of one Ordinary Share for every Subscription Share so converted and so on in proportion for any greater or lesser number of Subscription Shares by:
 - (A) subscribing in cash on the last business day in each calendar month (each a "**Subscription Date**") for all or any of the Ordinary Shares for which he is entitled to subscribe in respect of such Subscription Shares of which it is the holder at the price £0.70 per Ordinary Share (the "**Subscription Price**") payable in full on subscription with the final Subscription Date being the last business day in July 2015 (the "**Final Subscription Date**"); and
 - (B) otherwise complying with paragraph (a)(iii) below.

The number of Ordinary Shares to which each Subscription Share relates is one Ordinary Share, but the Subscription Price (and the number of Subscription Shares outstanding) will be subject to adjustment as provided in paragraph (b) (*Adjustment of Subscription Rights*) below. Each Subscription Share converted in accordance with the Articles shall be cancelled immediately following conversion.

- (ii) Subscription Shares will be issued in registered form and may be held in either certificated form ("**Certificated Subscription Shares**") or uncertificated form ("**Uncertificated Subscription Shares**"). In the case of:
 - (A) Certificated Subscription Shares, a Subscription Shareholder will be entitled to a share certificate in respect of his holding of Subscription Shares; and
 - (B) Uncertificated Subscription Shares, a Subscription Shareholder's title to such Subscription Shares will be recorded in the relevant register as being held in such form as will by virtue of the CREST Guernsey Requirements ("**Regulations**") enable the transfer of title to the Subscription Shares to be effected without a written instrument by means of a relevant electronic system (a "**Relevant Electronic System**").
- (iii) In order to exercise the Subscription Rights in respect of any Certificated Subscription Shares on any Subscription Date, in whole or in part, a Subscription Shareholder must lodge the relevant Subscription Share certificate(s) (or such other document as the Board may, in its discretion, accept) at the office of the Registrar during the period of 28 days ending at 3.30 p.m. on the relevant Subscription Date having completed the appropriate notice of exercise of Subscription Rights accompanied by a remittance for the Subscription Price for the Ordinary Shares in respect of which the Subscription Rights are being exercised. Any notice of exercise received after 3.30 p.m. on any business day will be treated as having been exercised on the following business day. The Directors may accept as valid, notices of exercise of Subscription Rights which are received after the relevant Subscription Date ("**Certificated Subscription Notice**") provided they are accompanied by the correct remittance, as described above. Once lodged, a notice of exercise of Subscription Rights shall be irrevocable save with the consent of the Directors. All persons exercising Subscription Rights must also comply with all applicable statutory and regulatory requirements.
- (iv) The Subscription Rights which are conferred by any Uncertificated Subscription Shares shall be exercisable, in whole or in part, (and treated by the Company as exercised) on the relevant

Subscription Date if, not later than 1.00 p.m. on the relevant Subscription Date (i) an Uncertificated Subscription Notice is received as referred to below and (ii) a remittance for the aggregate Subscription Price for the Ordinary Shares in respect of which the Subscription Rights are being exercised is received by the Company (or by such person as it may require for these purposes). For these purposes, an **“Uncertificated Subscription Notice”** shall mean a properly authenticated dematerialised instruction and/or other instruction or notification received by the Company (or by such person as it may require for these purposes) in such form and subject to such terms and conditions as may from time to time be prescribed by the Directors (subject always to the regulations and the facilities, rules and requirements of the CREST Guernsey Requirements). The Directors may, in addition but subject to the regulations and facilities and requirements of the CREST Guernsey Requirements, determine when any such properly authenticated dematerialised instruction and/or other instruction or notification and any such remittance is to be treated as received by the Company or by such person as it may require for these purposes. Without prejudice to the generality of the foregoing, the effect of the Uncertificated Subscription Notice may be such as to divest the Subscription Shareholder concerned of the power to transfer such Subscription Shares to another person. Once lodged, an Uncertificated Subscription Notice shall be irrevocable save with the consent of the Directors. To be effective, compliance must also be made with any statutory and regulatory requirements for the time being applicable.

- (v) Not earlier than 56 days nor later than 28 days before the Final Subscription Date, the Company shall give notice in writing to the holders of the outstanding Subscription Shares reminding them of their Subscription Rights and, in relation to any Uncertificated Subscription Shares, stating the form of Uncertificated Subscription Notice prescribed by the Directors.
- (vi) Ordinary Shares issued pursuant to the exercise of Subscription Rights which are conferred by any Certificated Subscription Shares shall be allotted within ten (10) business days of the relevant Subscription Date. The Ordinary Shares arising on exercise of the Subscription Rights shall be allotted with effect from the date of their allotment (and not the date upon which the Certificated Subscription Notice is given or deemed given in accordance with paragraph (a)(iii) above). Certificates in respect of such Ordinary Shares, together, if applicable, with a new certificate for the balance of any Certificated Subscription Shares in respect of which the Subscription Rights have not been exercised, will be dispatched (at the risk of the person(s) entitled thereto) not later than twenty eight (28) days after the relevant allotment date to the person(s) in whose name(s) the Subscription Share is registered at the date of exercise (and, if more than one, to the first-named, which shall be sufficient despatch for all) or to such other person(s) (not being more than four in number) as may be named in the form of nomination available for the purpose from the Company's registrars (and, if more than one, to the first-named, which shall be sufficient despatch for all).
- (vii) Ordinary Shares issued pursuant to the exercise of Subscription Rights which are conferred by any Uncertificated Subscription Shares shall be allotted within ten (10) business days of the relevant Subscription Date. The Ordinary Shares arising on exercise of the Subscription Rights shall be allotted with effect from the date of their allotment (and not the date upon which the Uncertificated Subscription Notice is given or deemed given in accordance with paragraph (a)(iii) above). The Company shall procure that the appropriate instructions are given to enable such Ordinary Shares to be credited in uncertificated form to the relevant account within the CREST Guernsey Requirements of the person(s) in whose name(s) the Subscription Shares in respect of which the Subscription Rights have been exercised were registered as at the date of such exercise or subject to such terms and conditions as the Directors may from time to time prescribe for this purpose, to the regulations, and the facilities, rules and requirements of the CREST Guernsey Requirements)) to such other person(s) (not being more than four in number) as may be named in the properly authenticated dematerialised instruction and/or other instruction or notification in such form.
- (viii) For the avoidance of doubt, unless the Directors otherwise determine or unless the regulations or the facilities, rules or requirements of the CREST Guernsey Requirements otherwise require, the Ordinary Shares issued on the exercise of any Subscription Rights shall be issued in certificated form where such Subscription Rights were conferred by Certificated Subscription

Shares and in uncertificated form where such Subscription Rights were conferred by Uncertificated Subscription Shares.

- (ix) Ordinary Shares allotted pursuant to the exercise of Subscription Rights will not rank for any dividends or other distributions declared, paid or made on the Ordinary Shares by reference to a record date prior to the relevant Subscription Date but, subject thereto, will rank in full for all dividends and other distributions declared, paid or made on the Ordinary Shares and otherwise will rank *pari passu* in all other respects with the Ordinary Shares in issue at the relevant Subscription Date.
- (x) Whilst the Company has any of its shares admitted to trading on AIM, or any successor market or any other market operated by the London Stock Exchange, it will apply to the London Stock Exchange for the Ordinary Shares allotted pursuant to any exercise of Subscription Rights to be so admitted.
- (xi) If, immediately after any Subscription Date (other than the Final Subscription Date) and after giving effect to any Subscription Rights exercised on that date, Subscription Rights shall have been exercised in respect of 75 per cent. or more of the Ordinary Shares to which the total number of Subscription Shares issued relate (excluding any Ordinary Shares to which Subscription Rights attached to Subscription Shares purchased by the Company or any of its subsidiaries relate), the Company shall be entitled within fourteen (14) days thereafter to serve notice in writing on the holders of the Subscription Shares then outstanding of its intention to appoint a trustee for the purposes set out below upon the expiry of twenty one (21) days from the date of such notice (the “**Notice Period**”) and for this purpose the Notice Period shall expire at 3.30 p.m. upon the 21st day. However, such notice shall in its terms give the holders of the Subscription Shares so outstanding a final opportunity to exercise their Subscription Rights in the manner set out at paragraphs (a)(iii) and (a)(iv) above before the expiry of the Notice Period. Forthwith after the expiry of the Notice Period, the Company shall appoint a trustee who, provided that in his opinion the net proceeds of sale after deduction of all costs and expenses incurred by him will exceed the costs of subscription, shall within the period of fourteen (14) days following the expiry of the Notice Period exercise the Subscription Rights which shall not have been exercised on the terms (subject to any adjustments pursuant to paragraph (b)(i) to (b)(v) below) on which the same could have been exercised immediately prior to the expiry of the Notice Period if they had been exercisable and been exercised and sell in the market the Ordinary Shares acquired on such subscription. The trustee shall distribute pro rata the net proceeds of such sale less such subscription costs and such other costs and expenses to the persons entitled thereto within two (2) months of the relevant Subscription Date, provided that entitlements of under £3.00 shall be retained for the benefit of the Company.

Following the expiry of the Notice Period, if the trustee has not exercised the Subscription Rights within the period of fourteen (14) days following such expiry as aforesaid (and his decision in respect thereof shall be final and binding on all holders of outstanding Subscription Shares), all Subscription Rights shall lapse and all outstanding Subscription Shares shall be converted into special deferred shares (as defined at paragraph (a)(xii) below) (“**Special Deferred Shares**”).

- (xii) One Special Deferred Share of nil par value shall be issued for each Subscription Share converted. Each Subscription Share converted shall be cancelled immediately following conversion. Special Deferred Shares shall only be issued by the Company in certificated form. The holders of Special Deferred Shares shall have no right to participate in the profits of the Company, including for the avoidance of doubt the payment of dividends, nor shall they have the right to receive notice of or to attend or vote at any general meeting of the Company. The conversion of Subscription Shares into Special Deferred Shares shall be deemed to confer irrevocable authority on the Company at any time thereafter to appoint any person to execute on behalf of the holders of such shares a transfer thereof and/or an agreement to transfer the same, without making any payment to the holders thereof, to such person as the Company may determine as custodian thereof and to cancel and/or purchase the same without making the payment to or obtaining the sanction of the holder thereof and pending such transfer and/or cancellation and/or purchase to retain the certificate for such shares. The Company may at its option at any time after the creation of any Special Deferred Shares redeem all or any of the

Special Deferred Shares then in issue, at a price not exceeding 1p for all the Special Deferred Shares redeemed.

- (xiii) Within seven (7) days following the Final Subscription Date, the Company shall appoint a trustee who, provided that in his opinion the net proceeds of sale after deduction of all costs and expenses incurred by him will exceed the costs of subscription, shall within the period of fourteen (14) days following such Final Subscription Date exercise the Subscription Rights which shall not have been exercised on the terms on which the same could have been exercised on the Final Subscription Date and sell in the market the Ordinary Shares acquired on such subscription. The trustee shall distribute pro rata the net proceeds of such sale less such subscription costs and such other costs and expenses to the persons entitled thereto at the risk of such persons within two (2) months of the Final Subscription Date, provided that entitlements of under £3.00 shall be retained for the benefit of the Company. If the trustee shall not exercise the Subscription Rights within the period of fourteen (14) days following such final subscription as aforesaid (and his decision in respect thereof shall be final and binding on all holders of outstanding Subscription Shares), all Subscription Rights shall lapse and all outstanding Subscription Shares shall be converted into Special Deferred Shares.
- (xiv) The trustee referred to in paragraphs (a)(xi) and (a)(xiii) above shall have no liability of any nature whatsoever where he has acted honestly and reasonably and shall have no responsibility for the safe custody of, or to earn any interest on, any unpaid or unclaimed money.
- (xv) To facilitate conversion of the Subscription Shares the Directors may, and are authorised to, capitalise any part of the amount then standing to the credit of any of the Company's reserve accounts (whether or not the same would lawfully be distributable by way of cash dividend) or to the credit of the stated capital account, capital redemption reserve, profit and loss account or otherwise available for the purpose and the same shall be applied in paying up in full the shares created and to be issued pursuant to the preceding paragraphs above (or such of those shares as shall not have been created and issued pursuant to such paragraphs) to be allotted and issued, credited as fully paid, to and amongst the holders of the Subscription Shares exercising their subscription rights in accordance with their respective entitlements.

(b) Adjustment of Subscription Rights

The Subscription Price (and the number of Subscription Shares in issue at the relevant time) shall from time to time be adjusted in accordance with the provisions of this paragraph (b):

- (i) if and whenever there shall be an alteration in the amount of the Ordinary Shares as a result of a consolidation or a sub-division, the Subscription Price in force immediately prior to such alteration shall be adjusted in such manner as the Company's auditors shall report, in writing, to be in their opinion fair and reasonable, and such adjustment shall become effective on the date the alteration takes effect;
- (ii) if and whenever the Company shall allot to Shareholders any Ordinary Shares credited as fully paid by way of capitalisation of reserves or profits (other than Ordinary Shares paid up out of distributable reserves and issued in lieu of a cash dividend), the Subscription Price in force immediately prior to such allotment shall be adjusted by multiplying it by a fraction of which the numerator shall be the aggregate amount of the issued Ordinary Shares immediately before such allotment and the denominator shall be the aggregate amount of the issued and allotted Ordinary Shares immediately after such allotment, and such adjustment shall become effective as at the date of allotment of such Ordinary Shares;
- (iii) no adjustment will be made to the Subscription Price pursuant to paragraphs (b)(i) or (b)(ii) above (other than by reason of a consolidation or sub-division of Ordinary Shares as referred to in paragraph (b)(i) above) if it would result in an increase in the Subscription Price and, in any event, no adjustment will be made if such adjustment would (taken together with the amount of any adjustment carried forward under the provisions of this paragraph (b)(iii)) be less than 1 per cent. of the Subscription Price then in force and on any adjustment the adjusted Subscription Price will be rounded down to the nearest 1p. Any adjustment not so made and any amount by which the Subscription Price is rounded down shall be carried forward and taken into account in any subsequent adjustment;

- (iv) whenever the Subscription Price is adjusted as provided in accordance with paragraph (b)(i) to paragraph (b)(iii) (inclusive) above (other than by reason of a consolidation of Ordinary Shares as referred to in paragraph (b)(i) above), the Company shall issue, credited as fully paid, additional Subscription Shares to each Subscription Shareholder at the same time as such adjustment takes effect. The number of additional Subscription Shares to which a Subscription Shareholder shall be entitled shall be the number of existing Subscription Shares held by him multiplied by the following fraction:

$$\frac{X - Y}{Y}$$

where:

'X' = the Subscription Price immediately before the adjustment: and

'Y' = the Subscription Price immediately after the adjustment.

Fractions of Subscription Shares shall not be allotted to Subscription Shareholders but all such fractions will be aggregated and, if practicable, sold in the market. The net proceeds shall be paid by the Company to the Subscription Shareholders entitled thereto at the risk of such persons, save that amounts of less than £3.00 will be retained for the benefit of the Company. Subscription Share certificates relating to such additional certificated Subscription Shares will be issued within twenty one (21) days of the said adjustment taking effect and the Company shall procure that appropriate instructions are given to enable such additional uncertificated Subscription Shares to be credited to the relevant account within the Relevant Electronic System of the person(s) in whose name(s) the Uncertificated Subscription Shares are registered as at the date of the adjustment;

- (v) whenever the Subscription Price is adjusted by reason of a consolidation of Ordinary Shares as referred to in paragraph (b)(i) above, the number of Ordinary Shares for which each Subscription Shareholder is entitled to subscribe will be amended accordingly;
- (vi) the Company shall give notice to Subscription Shareholders within twenty eight (28) days of any adjustment made pursuant to paragraph (b)(i) to (b)(v) above;
- (vii) if a Subscription Shareholder shall become entitled to exercise his Subscription Rights pursuant to paragraph (c)(v) below, the Subscription Price payable on such exercise (but not otherwise) shall be reduced by an amount determined by the Auditors in accordance with the following formula:

$$A = (B - C) + D$$

where:

'A' = the reduction in the Subscription Price;

'B' = the Subscription Price which would, but for the provisions of this paragraph (b)(vii), be applicable (subject to any adjustments previously made pursuant to paragraph (b)(i) to (b)(v) (inclusive) above) if the Subscription Rights were exercisable on the date on which the Company shall become aware as provided in paragraph (c)(v) below;

'C' = the value of the final offer for the Ordinary Shares in pence on the date on which the Company shall become aware as provided in paragraph (c)(v) below;

'D' = the value of the Subscription Shares as calculated using the standard Black-Scholes pricing formula, as amended by Merton for dividend payments (*Source: Bell Journal of Economics and Management Science Volume 4 Spring 1973*), based on the value of the final offer for the Ordinary Shares in pence on the date on which the Company shall become aware as provided in paragraph (c) below, taking as the stock price volatility the volatility in the market price of an Ordinary Share on a total return basis over 365 days ending on the dealing day immediately preceding the date of the announcement of the offer (or, where such offer is a revised offer, the original offer) or, if applicable and earlier, the date of the first announcement of the intention to make such an offer or original offer or of the possibility of the same being made, and taking as the interest rate the gross redemption yield on Treasury 5 per cent. 2015 government stock on an annual basis and using as a yield the last annual net dividend payment, in pence sterling; provided that:

- (a) no adjustment shall be made to the Subscription Price where the value of C exceeds the aggregate value of 'B' and 'D' in the above formula;
- (b) the Auditors shall be entitled to make such further adjustments to the Subscription Price payable on any subsequent exercise of the Subscription Rights in accordance with paragraph (c)(vi) as they shall report to be appropriate.

The notice required to be given by the Company under paragraph (c)(v) below shall give details of any reduction in the Subscription Price pursuant to this paragraph(b)(vii).

- (viii) for the purpose of determining whether paragraph (c)(vii) below shall apply and whether each Subscription Shareholder is to be treated as if his Subscription Rights had been exercisable and had been exercised as therein provided, the Subscription Price which would have been payable on such exercise shall be reduced by an amount determined by the Auditors in accordance with the following formula:

$$A = (B - C) + D$$

where:

'A' = the reduction in the Subscription Price;

'B' = the Subscription Price which would, but for the provision of this paragraph (b)(viii), be applicable (subject to any adjustments previously made pursuant to paragraph (b)(i) to (b)(v) (inclusive) above) if the Subscription Rights were exercisable immediately before the date on which the order referred to in paragraph (c)(viii) below shall be made or on which the effective resolution referred to in that paragraph shall be passed (as the case may be);

'C' = the amount (as determined by the Auditors) of the assets available for distribution in the liquidation of the Company in respect of each Ordinary Share, taking into account for this purpose the Ordinary Shares which would arise on exercise of all the Subscription Rights and the Subscription Price which would be payable on the exercise of such Subscription Rights (subject to any adjustments previously made pursuant to paragraph (b)(i) to (b)(v) (inclusive) above but disregarding any adjustment to be made pursuant to this paragraph (b)(viii)); and

'D' = the value of the Subscription Shares as calculated using the standard Black-Scholes pricing formula, as amended by Merton for dividend payments (*Source: Bell Journal of Economics and Management Science Volume 4 Spring 1973*), based on the value of the final offer for the Ordinary Shares in pence on the date on which the Company shall become aware as provided in paragraph (c)(vii) below, taking as the stock price volatility the volatility in the market price of an Ordinary Share on a total return basis over 365 days ending on the last dealing day immediately preceding the date of the presentation of the petition for such order or of the notice convening the meeting at which such resolution shall be passed (as the case may be) or, if applicable and earlier, the date of the first announcement of the presentation of such petition or the convening of such meeting (as the case may be) or that the same is proposed, and taking as the interest rate the gross redemption yield on Treasury 5 per cent. 2015 government stock on an annual basis and using as a yield the last annual net dividend payment, in pence sterling;

provided that no adjustment shall be made to the Subscription Price where the value of 'C' exceeds the aggregate value of 'B' and 'D' in the above formula.

- (ix) where an event which gives or may give rise to an adjustment to the Subscription Price occurs whether in such proximity in time to another such event or otherwise in circumstances such that the Board in its absolute discretion determines that the foregoing provisions need to be operated subject to some modification in order to give a result which is fair and reasonable in all the circumstances such modification shall be made in the operation of the foregoing provisions as may be advised by the Auditor to be in its opinion appropriate in order to give such a result.

(c) Protective Provisions

So long as any Subscription Rights remain exercisable:

- (i) the Company shall not (except with the sanction of an extraordinary resolution of the Subscription Shareholders):
 - (A) make any distribution of capital profits or capital reserves except by means of a capitalisation issue in the form of fully paid Ordinary Shares; or
 - (B) issue securities by way of capitalisation of profits or reserves except fully paid Ordinary Shares issued to the holders of its Ordinary Shares;
- (ii) the Company shall not (except with the sanction of an extraordinary resolution of the Subscription Shareholders) in any way modify the rights attached to its existing Ordinary Shares as a class, or create or issue any new class of equity share capital except for shares which carry, as compared with the rights attached to the existing Ordinary Shares, rights which are not more advantageous as regards voting, dividend or return of capital, provided that nothing herein shall restrict the right of the Company to increase, consolidate or sub-divide its share capital;
- (iii) the Company shall not (except with the sanction of an extraordinary resolution of the Subscription Shareholders or for a reduction not involving any payment to Shareholders) reduce any of its share capital or any uncalled or unpaid liability in respect of any of its share capital or (except as permitted by the law) reduce any share capital account or capital redemption reserve;
- (iv) the Company shall keep available for issue sufficient unissued share capital to satisfy in full all Subscription Rights remaining exercisable;
- (v) subject as provided in paragraph (c)(vi) below, if at any time an offer is made to all holders of Ordinary Shares (or all such holders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) to acquire the whole or any part of the issued ordinary share capital of the Company and the Company becomes aware on or before the Final Subscription Date that as a result of such offer the right to cast a majority of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such companies or persons as aforesaid, the Company shall give notice to the Subscription Shareholders of such vesting or pending vesting within 14 days of its becoming so aware, and each such Subscription Shareholder shall be entitled, at any time within the period of thirty (30) days immediately following the date of such notice, to exercise his Subscription Rights on the terms on which the same could have been exercised if they had been exercisable and had been exercised on the date on which the Company shall become aware as aforesaid. The publication of a scheme of arrangement under the law providing for the acquisition by any person of the whole or any part of the issued Ordinary Share capital of the Company shall be deemed to be the making of an offer for the purposes of this paragraph (c)(v) and reference herein to such an offer shall be read and construed accordingly;
- (vi) if under any offer as referred to in paragraph (c)(v) above the consideration shall consist solely of the issue of ordinary shares of the offeror and the offeror shall make available an offer of warrants or other rights to subscribe for ordinary shares in the offeror in exchange for the Subscription Shares, which offer the financial advisers to the Company (acting as experts and not as arbitrators) shall consider to be fair and reasonable (having regard to the terms of the offer, the tax treatment of such warranty or other rights to subscribe or compared with that of the Subscription Shares and any other circumstances which may appear to such financial advisers to be relevant), then a Subscription Shareholder shall not have the right to exercise his Subscription Rights on the basis referred to in paragraph (c)(v) above and, subject to the offer as referred to in paragraph (c)(v) above becoming or being declared wholly unconditional and the offeror being in a position to acquire compulsorily the whole of the then issued Ordinary Share capital of the Company not already owned by it or its associates, any Director of the Company shall be irrevocably authorised as attorney for the Subscription Shareholders who have not accepted the offer of warrants or other rights to subscribe for ordinary shares in the offeror in exchange for the Subscription Shares:
 - (A) to execute a transfer of the Subscription Shares held by such holders in favour of the offeror, in consideration of the issue of warrants or other rights to subscribe for ordinary shares in the offeror as aforesaid whereupon all the Subscription Rights shall lapse and all outstanding Subscription Shares shall be converted into Special Deferred Shares which shall have the same rights and shall be treated as if they had been created under paragraph (a) above; and
 - (B) to do such acts and things as may be necessary or appropriate in connection therewith;

- (vii) if an order is made or an effective resolution is passed for winding-up of the Company (except for the purpose of reconstruction, amalgamation or unitization on terms sanctioned by an extraordinary resolution of Subscription Shareholders) each Subscription Shareholder shall, in such winding-up and on the basis that all Subscription Rights then unexercised had been exercised in full by the Company there would be a surplus available for distribution amongst the holders of the Ordinary Shares, including for this purpose the Ordinary Shares which would arise on exercise of all Subscription Rights (taking into account any adjustments pursuant to paragraph (b)(i) to (b)(v) (inclusive) and paragraph (b)(ix) above), which surplus would, on such basis, exceed in respect of each Ordinary Shares a sum equal to such Subscription Price) be treated as if immediately before the date of such order or resolution (as the case may be) his Subscription Rights had been exercisable and had been exercised in full on the terms (subject to any adjustments pursuant to paragraph (b)(i) to (b)(v) and paragraph (b)(ix) above) on which the same could have been exercised if they had been exercisable and had been exercised immediately before the date of such order or resolution, (as the case may be), and shall accordingly be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of the Ordinary Shares such a sum as he would have received had he been the holder of the Ordinary Shares to which he would have become entitled by virtue of such subscription after deducting a sum per Ordinary Share equal to the Subscription Price (subject to any adjustments pursuant to paragraph (b)(i) to (b)(v) (inclusive) and paragraph (b)(viii) above). Subject to the foregoing, all Subscription Rights shall lapse on liquidation of the Company; and
- (viii) if at any time an offer or invitation is made by the Company to the holders of its Ordinary Shares generally for purchase by the Company of any of its Ordinary Shares, the Company shall simultaneously give notice thereof to the Subscription Shareholders and each Subscription Shareholder shall be entitled, at any time whilst such offer or invitation remains open for acceptance, to exercise his Subscription Rights on the terms (subject to any adjustments made under paragraph (b)(i) to (b)(v) (inclusive) above) on which the same could have been exercised if they had been exercisable and had been exercised on the day twenty one (21) immediately preceding the record date for such offer or invitation and any Ordinary Shares arising on exercise of the Subscription Rights shall be included in the offer or invitation on the same terms and conditions as if the Ordinary Shares arising on the exercise of Subscription Rights had been in issue on the record date for such offer or invitation.

(d) Other Rights

(i) Income

The Subscription Shareholders shall not be entitled to any right of participation in the profits of the Company.

(ii) Capital

(A) No distribution shall be due in respect of a Subscription Share if the amount of such distribution would be less than the Subscription Price.

(B) The amount to be distributed in respect of each Subscription Share shall be calculated by dividing the total surplus available for distribution to shareholders pursuant to Article 32 of the Articles by the number of Shares (of all classes carrying an entitlement to participate in the proceeds of a winding up) and subtracting from the result, an amount equal to the Subscription Price.

(C) The provisions of this paragraph (d)(ii) are without prejudice to the other provisions of the Articles as to conversion, redemption and purchase of shares or (in the case of a purchase of shares) to any resolution authorising the same in accordance with the Companies Law.

(iii) Voting and General Meetings

(A) The Subscription Shareholders shall, by virtue of or in respect of their holdings of Subscription Shares, have the right to receive notice of a general meeting of the Company and to attend, speak and vote at a general meeting of the Company only if (i) for so long as the Subscription Shares are admitted to trading on AIM, a resolution is proposed in accordance with the AIM Rules relating to a reverse takeover by the Company, a fundamental change of the Company's

business or a cancellation of the Ordinary Shares to trading on AIM; or (ii) a resolution is proposed abrogating, varying or modifying any of the rights or privileges of the Subscription Shareholders and then only on such resolution. Save as aforesaid, whether or not the Subscription Rights shall have expired, the Subscription Shares shall not confer on the holders thereof the right to attend, speak or vote at any general meeting of the Company and references in the Articles to “**members**”, “**shareholders**” and “**holders**”, in relation to receiving notice of, attending or voting at general meetings of the Company shall be construed accordingly, but they shall entitle the holders to receive copies of notices of general meetings for information only and of the annual consolidated audited accounts of the Company and its subsidiaries as if they were holders of Ordinary Shares.

- (B) Whenever the Subscription Shareholders are entitled to vote at a general meeting of the Company upon any resolution proposed at such a general meeting, on a show of hands every holder thereof who is present in person or (being a corporation) by a representative shall have one vote and on a poll every holder thereof who is present in person or by proxy or (being a corporation) by a representative shall have one vote in respect of each Ordinary Share for which he is entitled to subscribe pursuant to the Subscription Rights.

(e) Purchase

The Company and its subsidiaries shall have the right to purchase Subscription Shares in the market, by tender or by private treaty but:

- (i) such purchases will be limited to a maximum price per Subscription Share which, in the case of purchases through the market, shall not exceed 5 per cent. above the average of the closing middle market quotations (as derived from Bloomberg) for the five (5) consecutive dealing days ending on the dealing day immediately preceding the date on which the purchase is made; and
- (ii) if such purchases are by tender, such tender will be available to all Subscription Shareholders alike.

All Subscription Shares so purchased shall forthwith be cancelled and shall not be available for re-issue or resale.

(f) Transfer

Subject always to Article 12 of the Articles, each Subscription Share will be registered and will be transferable:

- (i) in the case of Certificated Subscription Shares, by instrument of transfer in any usual or common form, or in any other form which may be approved by the Directors; and
- (ii) in the case of Uncertificated Subscription Shares, by giving the appropriate instructions for transfer by means of the CREST Guernsey Requirements.

No transfer of a right to subscribe for a fraction of an Ordinary Share shall be effected.

(g) General

- (i) The Company shall, concurrently with the issue of the same to the holders of the Ordinary Shares, send to each Subscription Shareholder (or, in the case of joint holders, to the first-named) a copy of each published annual report and accounts of the Company (or such abbreviated or summary financial statement sent to Ordinary Shareholders in lieu thereof), together with all documents required by law to be annexed thereto, and a copy of every other statement notice or circular issued by the Company to holders of Ordinary Shares.
- (ii) For the purpose of these conditions, “**extraordinary resolution of the Subscription Shareholders**” means a resolution proposed at a meeting of the Subscription Shareholders duly convened and passed by a majority consisting of not less than three-fourths of the votes cast, whether on a show of hands or on a poll.

- (iii) Any determination or adjustment made pursuant to these terms and conditions by the Auditors shall be made by them as experts and not as arbitrators and any such determination or adjustment made by them shall be final and binding on the Company and each of the Subscription Shareholders.
- (iv) The invalidity of any undertaking, or any part of any undertaking, in paragraph (c) above shall not affect the validity of any other part of that paragraph. If any event occurs which, but for any rule of law, would be a breach of paragraph (c) above, the Company shall pay to the Subscription Shareholders such sum as the Auditors of the Company shall determine to be equal to the loss in value of the Subscription Shares resulting from such event.

PART VII

RISK FACTORS

Investors are referred to the risks set out below. No assurance can be given that Shareholders will realise a profit or will avoid a loss on their investment. The Ordinary Shares and the Subscription Shares are suitable only for investors who understand, or who have been advised of, the potential risk of capital loss from an investment in the Ordinary Shares and the Subscription Shares and that there may be limited liquidity in both or either of the Ordinary Shares and the Subscription Shares, and for whom the investment in the Ordinary Shares and/or the Subscription Shares is part of a diversified investment portfolio and who fully understand the risks involved with such an investment. The risks referred to below do not purport to be exhaustive and potential investors should review this document carefully and in its entirety and consult with their professional advisers before making an application for Ordinary Shares and Subscription Shares.

A. RISKS RELATING TO THE COMPANY

The Company is a new company with no operating history

The Company is recently incorporated and has no operating history upon which to evaluate its likely performance. The past performance of the Directors is not necessarily a guide to the future performance of the Company.

Guernsey incorporation

The Company is a limited company incorporated under the law of Guernsey. Guernsey law does not make a distinction between private and public companies and some of the protections and safeguards that investors may expect to find in relation to a public company under the UK Companies Act 2006 are not provided for under Guernsey law.

Changes to laws applicable to the Company

A change to Guernsey law could affect the Company's ability to make distributions to the holders of Ordinary Shares and Subscription Shares or the statements relating to tax in this document, which are based on current tax law and practice as at the date of this document. Any change to the basis on which profits or capital may be distributed by Guernsey companies could have a negative impact on the Company's ability to pay dividends. Any change in the Company's tax status, or in tax legislation applicable to it, could affect the value of the assets held by the Company and its performance.

Maintenance of tax residence

In order to ensure the Company does not become tax resident in any jurisdiction other than Guernsey, the Company is required to be controlled and managed in Guernsey. The composition of the Board, the place of residence of the individual members of the Board, and the location(s) in which the Board makes decisions will be important in ensuring the Guernsey does not become tax residence in any jurisdiction other than Guernsey. While the Company is incorporated in Guernsey, continued attention must be addressed to ensure that management and control decisions are made in Guernsey (and not made in e.g. the United Kingdom), or the Company may become tax resident in a jurisdiction other than Guernsey. As such, management errors could potentially lead to the Company being considered tax resident in a jurisdiction other than Guernsey (e.g. UK tax resident) and could have a material adverse effect on the Company's business, financial condition and results of operations.

Dependence on members of the Advisory & Execution Team

The Company's ability to provide returns to Shareholders is substantively dependent upon the performance of the members of the Advisory & Execution Team who have been engaged by the Company to provide key services such as the identification, acquisition and disposal of assets and the determination of any required financing arrangements. The Company will depend to a significant extent on the experience, diligence, skill and network of business contacts of such persons. The Board will monitor the performance of the members of the Advisory & Execution Team but their performance cannot be guaranteed. Failure by the members of the Advisory & Execution Team to identify, secure and manage the Company's underlying

assets effectively, could have a material adverse effect on the Company's business, financial condition and results of operations. If any the members of the Advisory & Execution Team depart from, or cease to be engaged by, the Company, there is a risk that suitable and effective replacements may not be found. Therefore, the Company's business, financial condition and results of operations may be adversely affected, if the services of the members of the Advisory & Execution Team cease to be available to the Company.

B. RISKS RELATING TO THE COMPANY'S BUSINESS

Risks relating to the Target Sectors

The price of shares of companies in the Target Sectors can be volatile and this may be reflected in the market price and underlying value of Ordinary Shares and Subscription Shares. The Company will invest in the Target Sectors in many countries globally and will also be subject to country risk. There is the risk that one or more of these markets will go down sharply and unpredictably for a number of reasons. Investors should be aware that shares in the Target Sectors can have above-average volatility, may be counter-cyclical and may not necessarily correlate with other equity investments.

A lack of growth in world or country-specific industrial production may adversely affect metal and energy prices

Resource, energy and commodity companies are subject to specific operational, geological and environmental risks in addition to normal business and management risks. Examples of operational risk include mine rock falls, underground explosions and pit wall failures. Geological risk would include faulting of the ore body and misinterpretation of geotechnical data. Environmental risks would include oil leaks, subsequent contamination and potential associated financial liability.

The use of commodity and currency derivative instruments by producers has increased in recent years. There have been examples of companies that have mismanaged their exposures resulting, in extreme cases, in financial distress or even bankruptcy.

The Company has conditionally on Admission invested in, and intends to continue to invest in, companies in the resource, energy and commodity sectors, some of which are located in emerging markets. It should be noted that some governments in these markets and some more developed markets exercise substantial influence over the private sector, and the political risk for many such countries is significant. In adverse social and political circumstances, governments have been involved in policies of expropriation, confiscatory taxation, nationalisation, intervention in the securities market and trade settlement, and imposition of foreign investment restrictions and exchange controls, and these could be repeated in the future.

Resource, energy and commodity companies are subject to supply and demand fluctuations in the markets they serve which will be impacted by a wide range of factors, including fluctuating commodity prices, weather, increased conservation or use of alternative fuel sources, increased governmental or environmental regulation, depletion, rising interest rates, declines in domestic or foreign production, accidents or catastrophic events and economic conditions, among others.

Energy and mining reserves naturally deplete as they are produced over time. To maintain or grow their revenues, these companies or their customers need to maintain or expand their reserves through exploration of new sources of supply, through the development of existing sources, through acquisitions, or through long-term contracts to acquire reserves. The financial performance of mining and energy companies may be adversely affected if they, or the companies to whom they provide the service, are unable cost effectively to acquire additional reserves sufficient to replace the natural decline. If a mining and/or energy company fails to add reserves by acquiring or developing them, its reserves and production will decline over time as they are produced. If a mining and/or energy company is not able to raise capital on favourable terms, it may not be able to add to or maintain its reserves.

The ability of resource, energy and commodity companies to grow and, where applicable, to increase distributions to their equity holders can be highly dependent on their ability to make acquisitions that result in an increase in adjusted operating surplus. In the event that such companies are unable to make such accretive acquisitions because they are unable to identify attractive acquisition candidates or negotiate acceptable purchase contracts, because they are unable to raise financing for such acquisitions on

economically acceptable terms, or because they are outbid by competitors, their future growth and ability to raise distributions will be limited and their ability to repay their debt holders may be weakened. Furthermore, even if these companies do consummate acquisitions that they believe will be accretive, the acquisitions may instead result in a decrease in adjusted operating surplus.

Resource, energy and commodity companies are often subject to significant national and local government regulation in aspects of their operations, including how facilities are constructed, maintained and operated, environmental and safety controls, and the prices they may charge for the products and services they provide. Governmental authorities may also have the power to enforce compliance with these regulations and the permits issued under them, and violators can be subject to administrative, civil and criminal penalties, including civil fines, injunctions or both. Stricter laws, regulations or enforcement policies could be enacted in the future which would be likely to increase compliance costs and may adversely affect the financial performance of resource, energy and commodity companies.

Industry concentration risk

The Company's assets are to be concentrated in the resource, energy and commodity sectors. The focus on a specific sector may present more risks than if the portfolio were broadly diversified over numerous industries and sectors of the economy. A downturn in any of the resource, energy or commodity sectors would have a larger impact on the Company than on an investment company that does not concentrate in such sectors. At times, the performance of securities of companies in the resource, energy and commodity sectors could lag behind the performance of other sectors or the broader market as a whole.

Illiquidity in certain markets

The Company may invest in illiquid or restricted securities for which there is no established resale market, including non-publicly traded securities. The Company might only be able to liquidate these positions at disadvantageous prices, should the Directors determine, or it become necessary, to do so. Illiquidity in certain markets could make it difficult for the Company to liquidate positions on favourable terms, thereby resulting in losses or a decrease in the Net Asset Value of the Company. Further, companies whose securities are not publicly traded will generally not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities.

Future requirement for capital

The Company may require additional financial resources to continue funding its future expansion. The Company may in the future seek to raise additional funds. No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms favourable to the Company or the Shareholders.

Currency and exchange rate risks

The Company may have assets which are denominated in currencies other than the sterling. The Company will generally, however, value its assets in sterling. To the extent that its assets are unhedged, the value of the assets of the Company may fluctuate with exchange rates as well as with price changes when it invests in local markets and currencies.

Availability of investment opportunities

The availability of potential investments which meet the Company's investment objective and strategy will depend on the state of the world economy and financial markets. The Company can offer no assurance that it will be able to identify and make investments that are consistent with its investment objective or that it will be able to fully invest its available capital.

No Regulation

The Company is not (and none of the Advisory and Execution Team are in respect of their role with the Advisory and Execution Team) subject to regulation by the FSA in the UK or the GFSC in Guernsey. Accordingly, the Company will not be subject to the requirements applicable to persons who are authorised by the FSA to provide investment advice and similar services in the United Kingdom. The legal or regulatory environment may change or the interpretation or policy may change with the result that the Company may be required to be authorised and/or regulated in the future.

Calculation of Net Asset Value

In calculating the Net Asset Value, the Administrator may rely on the Directors' valuations of companies in which the Company invests. Such valuations may be unaudited or may be subject to little verification or other due diligence and may not comply with generally accepted accounting practices or other valuation principles.

C. RISKS RELATING TO THE ORDINARY SHARES

Discounts

The market price of the Ordinary Shares in the Company is determined by the interaction of supply and demand for such Ordinary Shares in the market as well as the underlying value per Ordinary Share. The Ordinary Share price can therefore fluctuate and may represent a discount or premium to the underlying value per Ordinary Share. This discount or premium is itself variable as conditions for supply and demand for the Ordinary Shares change. This can mean that the Ordinary Share price can fall when the underlying value per Ordinary Share rises, or *vice versa*.

Liquidity

Shareholders have no right to have their Ordinary Shares or their Subscription Shares repurchased by the Company at any time and therefore Shareholders wishing to realise their investment in the Company will be required to dispose of their Ordinary Shares or their Subscription Shares on the stock market.

Whilst the Directors retain the right to effect repurchases of Ordinary Shares and/or Subscription Shares in the manner described in this document, they are under no obligation to use such powers at any time and Shareholders should not place any reliance on the willingness of the Directors so to act.

Market liquidity in the shares of similar companies to the Company is frequently inferior to the market liquidity in shares issued by larger companies traded on the London Stock Exchange. There can be no guarantee that a liquid market in the Ordinary Shares or Subscription Shares will exist.

Accordingly, Shareholders may be unable to realise their Ordinary Shares at the quoted market price (or at the prevailing Net Asset Value per Ordinary Share) or their Subscription Shares at the quoted market price or, in either case, at all.

Dilution

Following Admission, the Company will have a number of Subscription Shares in issue. Exercise of all the Subscription Shares outstanding would result in the issue of new Ordinary Shares representing approximately 33.3 per cent. of the Enlarged Share Capital of the Company. On each occasion that Subscription Shares are exercised, this will dilute the shareholdings of Shareholders.

If the Net Asset Value per Ordinary Share at the time of exercise of the Subscription Shares exceeds the applicable subscription price, the issue of the Ordinary Shares upon such exercise will also have a dilutive effect on the Net Asset Value per Ordinary Share. The extent of such dilution will depend on the number of Subscription Shares that are exercised on each occasion and the difference between the exercise price and the Net Asset Value per Ordinary Share prevailing at the time the new Ordinary Shares are issued pursuant to the exercise of subscription rights attaching to the Subscription Shares. The perceived risk of dilution may cause the market price of the Ordinary Shares to reflect a lesser sensitivity to increases in the Net Asset Value per Ordinary Share than might otherwise be expected.

D. RISKS RELATING TO THE SUBSCRIPTION SHARES

Volatility

Subscription Shares represent a geared investment, so a relatively small movement in the market price of the Ordinary Shares may result in a disproportionately large movement, unfavourable or favourable, in the market price of the Subscription Shares. The market price of the Subscription Shares may therefore be volatile.

Link to Ordinary Shares

Although the prices of Subscription Shares and Ordinary Shares are linked, since they share common price factors such as Net Asset Value, the price of a Subscription Share may not move in line with that of an Ordinary Share because of other factors contributing to their respective prices; for example supply and demand, and hence are unlikely to change at the same time in the same manner. Furthermore, the price of a Subscription Share is affected by factors that do not affect the Ordinary Share price, such as the remaining duration of the Subscription Rights.

Published market price

The published market price of the Subscription Shares will typically be their mid-market price. Due to the potential difference between the mid-market price of the Subscription Shares and the price at which Subscription Shares can be sold, there is no guarantee that the realisable value of the Subscription Shares will reflect their published market price.

Position following final date for exercise of Subscription Rights

In the case of any Subscription Shares whose Subscription Rights have not been exercised on or before the final date for exercising such rights, such Subscription Shares will cease to have any value unless a trustee appointed by the Company determines that the net proceeds of sale of the Ordinary Shares that would arise on the exercise of such rights after deduction of all the costs and expenses of sale would exceed the costs of exercise of such rights.

Market value

The market value of a Subscription Share will be determined by market forces, including the Net Asset Value and market price of an Ordinary Share, and there is no guarantee that the Subscription Shares will have a significant market value.

Liquidity

Although Subscription Shares are tradable securities, market liquidity of Subscription Shares may be less than the market liquidity of Ordinary Shares.

Risk factors as for Ordinary Shares

The Subscription Shares, in so far as they give an entitlement to subscribe for Ordinary Shares, are affected by the same risk factors as are applicable to the Ordinary Shares as set out above.

E. RISKS RELATING TO AIM

Conditionality of Admission

The Cash Placing and the Share Exchanges are all conditional upon, amongst other things, admission to trading on AIM of the Ordinary Shares and the Subscription Shares. In the event that any condition to which the Admission is subject is not satisfied or, if capable of waiver, waived, Admission will not occur.

There is no guarantee that the Company will maintain its quotation on AIM

The Company cannot assure investors that the Company will always retain a quotation on AIM. Additionally, if in the future the Company decides to obtain a listing or quotation on another exchange in addition to AIM, the level of liquidity of the Ordinary Shares and/or the Subscription Shares traded on AIM could decline.

Investment in AIM quoted securities

The Ordinary Shares and the Subscription Shares will be traded on AIM rather than admitted to the Official List. AIM is a market designed primarily for emerging, or smaller companies to which a higher investment risk tends to be attached, than to larger or more established companies. The AIM Rules for Companies are less demanding than the Listing Rules of the UK Listing Authority and an investment in shares traded on AIM may carry a higher risk than an investment in shares admitted to the premium listing segment of the Official List of the UK Listing Authority.

PART VIII

TAXATION

The information below, which relates only to Guernsey and United Kingdom taxation, is applicable to the Company and to persons who are resident in those jurisdictions (except where indicated) and who hold Ordinary Shares or Subscription Shares as investments. It is based on existing law and practice and is subject to subsequent changes therein. If you are in any doubt as to your tax position, or require more detailed information than the general outline below, you should consult your own professional adviser without delay.

1. GUERNSEY

1.1 The Company

The Company is resident for tax purposes in Guernsey and is subject to the company standard rate of Guernsey income tax, which is currently zero per cent. The company standard rate of zero per cent will apply provided the income of the Company does not include: (i) income from banking business (subject to tax at 10 per cent.); (ii) income from trading activities regulated by the Office of the Director General of Utility Regulation (subject to tax at 20 per cent.); or (iii) income from the ownership of land and buildings situated in Guernsey (subject to tax at 20 per cent.). It is not intended that the income of the Company will derive from any of these sources.

When the Company makes distributions to Guernsey resident ‘beneficial members’ owning more than one per cent. of the shares in the Company, it is required to withhold and pay over tax at the rate of 20 per cent. on behalf of the relevant Shareholders to the Director of Guernsey Income Tax. A similar requirement may also arise upon the occurrence of certain deemed distribution events. The liability to account for tax from the Company’s distributions arises where the beneficial member is an individual and is resident in Guernsey for Guernsey tax purposes. Provided the beneficial member is not resident in Guernsey, then the Company’s distributions can be paid free of withholding tax.

The Company will have a reporting requirement to file returns with the Director of Income Tax in respect of both distributions or deemed distributions to Guernsey residents. A deemed distribution will only occur if the Company has undistributed income (as defined for Guernsey income tax purposes) which is assessable to Guernsey income tax and which has not previously been distributed or deemed distributed and where the recipient is a Guernsey-resident beneficial member, being an individual who owns more than one per cent. of the shares in the Company. Undistributed income in this case will not include any income which has been taxed at 20 per cent. or higher in Guernsey or another jurisdiction.

1.2 Investors

Shareholders who are resident in Guernsey, Alderney or Herm will incur Guernsey income tax on any dividends paid to them on Ordinary Shares. The Company will be required to treat any such dividend to a Guernsey resident beneficial member as being declared gross but paid net, and to pay the appropriate tax on the Shareholder’s behalf to the States of Guernsey. Shareholders resident outside Guernsey will not be subject to any tax in Guernsey in respect of, or in connection with, the acquisition, holding or disposal of any Ordinary Shares or Subscription Shares owned by them.

1.3 Stamp duty

No stamp duty is chargeable in Guernsey on the issue, or repurchase of shares in the Company.

1.4 Future change

In 2009, the States of Deliberation of Guernsey resolved to review the Island’s corporate taxation system. That review remains ongoing and, at the date of publication, no announcements have been made regarding specific changes to Guernsey’s tax regime, or the timing of implementation of any changes that may arise as a result of the review. Until such time as the review is complete, the existing corporate tax regime remains in place.

Guernsey has introduced measures that are the same as the EU Savings Directive (2003/48/EC). However, paying agents located in Guernsey are currently not required to operate the measures on payments of dividends paid on the ordinary or preference shares of companies.

The Company is aware that the European Commission is currently reviewing the scope and operation of the EU Savings Directive in accordance with the European Council's findings published on 13 November 2008. Any review will affect EU Member States. Guernsey, along with other dependent and associated territories, will consider the effect of any proposed changes to the EU Savings Directive in the context of existing bilateral treaties and domestic law, once the outcome of that review is known. If changes are implemented, the position of investors in the Company in relation to the EU Savings Directive may be different to that set out above.

2. UNITED KINGDOM

2.1 The Company

The Company and its subsidiary companies intend to conduct their affairs so that they are managed and controlled in their jurisdiction of incorporation and, accordingly, for United Kingdom corporation tax purposes, should not be regarded by HM Revenue & Customs (“**HMRC**”) as resident within the United Kingdom. Similarly, it is not intended that the Company or any of its subsidiary companies will carry on a trade through a permanent establishment located in the United Kingdom. On that basis and on the assumption that it has no United Kingdom source income, the Company and its subsidiary companies will have no liability in respect of United Kingdom corporation tax on its income or capital gains.

No withholding tax will be deducted from dividends paid by the Company.

2.2 Investors

Shareholders who are resident in the United Kingdom may be liable to United Kingdom income tax or corporation tax in respect of dividend income received from the Company and to United Kingdom capital gains tax or corporation tax on chargeable gains in respect of capital gains realised on a disposal of Ordinary Shares or Subscription Shares.

In principle, UK resident but non-domiciled individual investors who retain the remittance basis of taxation should not be liable to UK income or capital gains tax upon dividend income or capital gains from the Company as HMRC should accept that the Ordinary Shares and Subscription Shares are Guernsey situs assets, unless the income or gains are remitted to the UK. It is essential that any such investors obtain specific taxation advice to confirm their own taxation position.

(a) Taxation of dividends

A distribution by the Company with respect to the Ordinary Shares, in the form of a dividend, may give rise to income taxable in the United Kingdom; this may give rise to income tax in the case of UK resident individuals or corporation tax in the case of UK resident companies.

In the case of a dividend, individuals resident for tax purposes in the United Kingdom, who are liable to income tax at the basic rate, will be taxed at the dividend ordinary rate (10 per cent.). A UK resident individual who is a higher rate tax payer will be taxed at the dividend upper rate (32.5 per cent.). UK resident individuals with taxable income in excess of £150,000 will be taxed at a dividend rate of 42.5 per cent. (37.5 per cent. from 6 April 2013).

UK resident individuals with a shareholding of less than 10 per cent. of the ordinary share capital of the Company may be entitled to a tax credit of an amount equivalent to that available in respect of dividends from UK companies. Where applicable, the effect of the tax credit would be to reduce the effective rate of income tax payable, in respect of such dividends, down from 32.5 per cent. of the dividend received to 25 per cent.. For those earning over £150,000, the effective rate applicable is approximately 36.11 per cent. (compared to the nominal rate of 42.5 per cent. or from 6 April 2013 30.56 per cent. compared to the nominal rate of 37.5 per cent.).

United Kingdom resident companies will, in principle, be subject to corporation tax (current normal rate 24 per cent.) on any dividends paid by the Company. The application of Part 9A of the Corporation Tax Act 2009, can exempt dividends from corporation tax under certain circumstances.

(b) *Taxation of capital gains*

Any gain realised by a United Kingdom resident holder of Ordinary Shares or Subscription Shares on a sale or other disposal (including from liquidation or dissolution of the Company) of their Ordinary Shares or Subscription Shares may, depending on their circumstances and subject as mentioned below, be subject to United Kingdom capital gains tax (in the case of individuals) or corporation tax on chargeable gains (in the case of companies).

The base cost of the Ordinary Shares and the Subscription Shares will be determined by allocating the £0.50 per share Issue Price on the basis of the market value of the Ordinary Shares and the Subscription Shares on issue. HMRC generally accept the initial listed prices of the Ordinary Shares and the Subscription Shares as an appropriate basis for this allocation.

In the event of a sale of the Subscription Shares, the allowable base cost will be determined as a proportion of the base cost at issue, calculated on a pro rata basis according to the remaining duration of the Subscription Shares at the date of sale as a fraction of the Subscription Period.

For UK resident individuals capital gains tax at the rate of 18 per cent. (for basic rate taxpayers) or 28 per cent. (for higher or additional rate taxpayers) applies to any chargeable gains realised. Individuals may benefit from certain reliefs and allowances (including a personal annual exemption of £10,600) depending on their circumstances.

A UK resident company may benefit from indexation allowance which, in general terms, increases the capital gains tax base cost of an asset in accordance with the rise in the UK retail prices index and the resulting chargeable gain will be subject to UK corporation tax (normal rate 24 per cent.).

It is anticipated that Shareholders or holders of Subscription Shares will realise their shareholdings or holdings of Subscription Shares (as the case may be) in the Company by means of a sale on the AIM market and it is not intended that there will be any other arrangements whereby a Shareholder or holder of Subscription Shares can realise all or part of their investment by reference to the net asset value of the underlying assets. Accordingly, the Company should not be an Offshore Fund as defined in Section 355 Taxation (International and Other Provisions) Act 2010 and any such gain should be subject to tax under the normal capital gains principles set out above.

(c) *Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)*

No United Kingdom stamp duty or SDRT will arise on the issue of Ordinary Shares or Subscription Shares. Generally, no United Kingdom stamp duty or SDRT is payable on a transfer of, or agreement to transfer, Ordinary Shares or Subscription Shares executed outside of the United Kingdom provided certain conditions are satisfied. Transfers of depositary interests within CREST may be subject to stamp duty reserve tax at the rate of 0.5 per cent. of the amount or value of the consideration paid.

(d) *Transfer of Assets Abroad*

Individual investors ordinarily resident in the UK for tax purposes should note that Chapter II of Part 13 of the Income Tax Act 2007 may render them liable to income tax, in respect of undistributed income or profits of the Company. These provisions are aimed at preventing the avoidance of income tax by individuals through a transaction resulting in the transfer of assets or income to persons (including companies) resident, or domiciled abroad where the transferor has, or is deemed to have, power to enjoy the income of the transferee. However, these provisions will not apply if either:

- (i) it would not be reasonable to draw the conclusion, from all the circumstances of the case, that the purpose of avoiding liability to United Kingdom taxation was not the purpose or one of the purposes of his investment in the Company; or
 - (ii) the investment was a genuine commercial transaction and it would not be reasonable to draw the conclusion, from all the circumstances of the case, that th transaction was more than incidentally designed for the purpose of avoiding United Kingdom taxation.

- (e) *Controlled Foreign Companies Legislation*

The attention of companies resident in the United Kingdom is drawn to the fact that the “controlled foreign companies” provisions currently contained in Sections 747 to 756 of the Income and Corporation Taxes Act 1988 could be material to any company so resident that has an interest in the Company such that 25 per cent. or more of the Company’s profits for an accounting period could be apportioned to them, if at the same time the Company is controlled by companies or other persons who are resident in the United Kingdom for taxation purposes. The effect of such provisions could under certain circumstances be to render such companies liable to United Kingdom corporation tax in respect of their share of the undistributed relevant profits of the Company. The controlled foreign companies legislation is subject to change under the provisions of the Finance Bill 2012. Companies to which these provisions may be relevant should take their own specific advice on this issue.

- (f) *Section 13 Taxation of Chargeable Gains Act 1992 (“TCGA”)*

The attention of investors resident or ordinarily resident in the United Kingdom is drawn to the provisions of Section 13 TCGA under which, in certain circumstances, a portion of capital gains made by the Company can be attributed to an investor who holds, alone or together with associated persons, more than 10 per cent. of the Ordinary Shares. Under certain circumstances, the Shareholder could suffer capital gains tax or corporation tax liabilities on this basis. It should be noted that the definition of ‘associated persons’ for these purposes is widely drawn.

- (g) *Exercise of Subscription Shares*

The exercise of Subscription Rights by a UK resident or ordinarily resident holder of Subscription Shares should not constitute a disposal for the purposes of UK capital gains tax. The base cost (as determined at the date of issue, as set out in (b) above) of the Subscription Shares together with the amount paid on exercise should form the base cost in computing any gain or loss arising on a subsequent disposal of the Ordinary Shares acquired.

PART IX

UNAUDITED PRO FORMA STATEMENT OF THE NET ASSETS OF THE COMPANY FOLLOWING ADMISSION

The following unaudited pro forma statement of net assets of the Company (the “**pro forma financial information**”) has been prepared to illustrate the effect on the net assets of the Company as if Admission took place on 22 February 2012.

The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not, therefore, represent the Company’s actual financial position or results.

The pro forma financial information has been prepared under International Financial Reporting Standards as adopted by the EU and on the basis set out in the notes below. The pro forma financial information is stated on the basis of the accounting policies to be adopted in the next consolidated financial statements of the Company.

	<i>The Company as at 22 February 2012 (note 1) £'000</i>	<i>Adjustments</i>		<i>Pro forma net assets of the Company £'000</i>
		<i>Investments (note 2) £'000</i>	<i>Net placing proceeds (note 3) £'000</i>	
Assets				
Non-current assets				
Investments	–	17,307	–	17,307
	–	17,307	–	17,307
Current assets				
Cash and cash equivalents	–	(3,305)	8,820	5,515
	–	(3,305)	8,820	5,515
Total assets	–	14,002	8,820	22,822
Net assets	–	14,002	8,820	22,822

Notes:

- The net assets of the Company as at 22 February 2012 have been extracted without material adjustment from the unaudited net assets of the Company as at its date of incorporation, 22 February 2012.

Adjustments:

- An adjustment has been made to reflect the investments made in the Initial Portfolio, comprising £14 million arising under the Share Exchange Agreements and £3.3 million under the Subscription Agreements. The Initial Portfolio has been included in the pro forma financial information at the value of the underlying shares based on the closing prices as at 15 June 2012, the latest practicable date prior to publication of this document.
- The Cash Placing is estimated to raise Net Proceeds of £8.8 million (£9.3 million Gross Proceeds less estimated expenses of £0.5 million).
- No account has been taken of the financial performance of the Company since 22 February 2012, nor of any other event save as disclosed above.
- The pro-forma statement of net assets has been prepared on the assumption that (i) the Ordinary Shares and the Subscription Shares to be issued to Longships plc after Admission (which is conditional on the approval of shareholders of Longships plc) become unconditional; (ii) the Mantle Diamonds Transfer has completed; and (iii) that the Subscription Agreements have also completed.

PART X
ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Company and the Directors, whose names appear on page 5 of this document accept responsibility for all the information contained in this document, including individual and collective responsibility for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. THE COMPANY

- 2.1 The Company was incorporated in Guernsey and registered with the Companies Registry in Guernsey on 22 February 2012 under the provisions of the Companies Law as a non-cellular company limited by shares with registered number 54697 under the name 'Praetorian Resources Limited'. The Company is neither regulated nor authorised by the FSA nor the Guernsey Financial Services Commission.
- 2.2 The principal legislation under which the Company is organised (and under which the Ordinary Shares and the Subscription Shares have been created) is the Companies Law, together with the ordinances and regulations made under the Companies Law.
- 2.3 The registered office of the Company is at 11 New Street, St. Peter Port, Guernsey GY1 2PF (telephone number +44 1481 726034). The Company is domiciled in Guernsey and managed and controlled from Guernsey. The statutory books of the Company are kept at its registered office.
- 2.4 Save for its entry into the material contracts summarised in paragraph 7 of this Part X and the Limited Partnership Agreement summarised in paragraph 8 of this Part X, the Company has not, since its incorporation, carried on business and no accounts of the Company have been made up.
- 2.5 Following Admission, the Company will be the holding company of the Praetorian Resources Group and will have the following single wholly-owned subsidiary (the issued share capital of which is fully paid):

<i>Subsidiary</i>	<i>Activity</i>	<i>Country of incorporation</i>	<i>Percentage of issued share capital held directly or indirectly by the Company</i>
Praetorian Resources (GP) Limited	General partner of Praetorian Portfolio Holding L.P. and PSLP	Guernsey	100%

- 2.6 The Company is also the principal limited partner of Praetorian Portfolio Holding L.P., a limited partnership registered in Guernsey on 16 May 2012, under registration number 1668 and constituted pursuant to the Limited Partnership Agreement (further details of which are set out at paragraph 8 of this Part X). The other limited partner of Praetorian Portfolio Holding L.P. is PSLP. The general partner of Praetorian Portfolio Holding L.P. and PSLP is Praetorian Resources (GP) Limited.

3. SHARE CAPITAL

- 3.1 The Company's issued share capital currently comprises Ordinary Shares. At Admission, Ordinary Shares and Subscription Shares will be admitted to trading on AIM. The Ordinary Shares will be fully paid up as to 50 pence per Ordinary Share. The issued share capital of the Company (i) as at the date of this document; (ii) at Admission and (iii) following the issue of the Ordinary Shares and the

Subscription Shares to Longships plc and BlackRock Investment Management (in connection with the Mantle Diamonds Transfer) after Admission; is and will be as follows:

	<i>issued of issued Ordinary Shares</i>	<i>Number of Subscription Shares</i>
(i)	1	Nil
(ii)	40,082,866	20,041,433
(iii)	46,648,886	23,324,433

3.2 The Ordinary Shares and the Subscription Shares have been created pursuant to the Companies Law. The Company was incorporated with the ability to issue an unlimited number of shares with or without a par value which, upon issue, the Directors may categorise as Ordinary Shares or otherwise. On incorporation, one Ordinary Share was issued to the subscriber to the Company's memorandum of incorporation and is in issue prior to Admission. Subject to Admission, the issued subscriber share will be repurchased by the Company and cancelled.

3.3 On 4 July 2012, by resolution of the Board:

- (a) an aggregate of 14,029,000 new Ordinary Shares were allotted at an issue price of £0.50 per Ordinary Share, along with an aggregate of 7,014,500 new Subscription Shares, pursuant to the Cash Placing;
- (b) an aggregate of 26,053,866 new Ordinary Shares, along with an aggregate of 13,026,933 new Subscription Shares, were allotted as consideration pursuant to the Share Exchange Agreements; and
- (c) the Ordinary Share issued on the Company's incorporation was purchased by the Company and cancelled,

in each case conditionally upon Admission.

3.4 Save as referred to in paragraphs 3.2 and 3.3 and pursuant to the exercise of Subscription Rights attaching to the Subscription Shares:

- (a) since the date of its incorporation, no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, for cash or any other consideration; and
- (b) no share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.

3.5 There are no provisions of the Companies Law equivalent to sections 561 *et seq.* of the Companies Act 2006 (as amended) in the UK which confer pre-emption rights on existing shareholders in connection with the allotment of equity securities for cash.

3.6 No part of the Company's capital is under option or agreed to be put under option.

4. MEMORANDUM AND ARTICLES OF INCORPORATION

The memorandum of incorporation of the Company provides that the objects of the Company are unlimited.

A summary of the principal provisions of the Articles, including the provisions relating to the rights attaching to Ordinary Shares, is set out below. The rights attaching to the Subscription Shares are summarised in Part VI of this document.

4.1 Alteration of share capital

The Company may by ordinary resolution, consolidate and divide all or any of its shares into shares of a larger amount, cancel any shares not taken or agreed to be taken by any person, sub-divide its shares into shares of a smaller amount, convert all or any of its fully paid shares the nominal amount

of which is expressed in a particular currency into fully paid shares of a nominal amount of a different currency, the conversion being effected at the rate of exchange (calculated not less than three significant figures) current on the date of the resolution or on such other date specified by the resolution, convert the whole or any particular class of its shares into redeemable shares, or redesignate the whole or any particular class of its shares into shares of another class.

4.2 Purchase of own shares

Subject to and in accordance with the Companies Law, the Company may purchase any of its own shares (including any redeemable shares) in any manner and may hold such shares as treasury shares provided that the number of shares held as treasury shares shall not at any time exceed any limits set out in the Companies Law.

4.3 Variation of rights

Subject to the provisions of the Companies Law, all or any of the rights attached to any class of shares may be varied or abrogated either with the written consent of the holders of not less than three-fourths in number of the issued shares of the class or the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class duly convened and held, but so that the quorum at such meeting (other than an adjourned meeting) shall be two persons holding or representing by proxy at least one-third of the issued shares of the class in question (excluding any shares of that class held as treasury shares) and so that at any adjourned meeting one holder entitled to vote and present in person or by proxy (whatever the number of shares held by him) shall be a quorum.

4.4 Transfer of shares

Subject to the terms of the Articles, any shareholder may transfer all or any of his certificated Ordinary Shares by an instrument of transfer in any usual form or in any other form which the Directors may approve. An instrument of transfer of a certificated Ordinary Share shall be executed by or on behalf of the transferor and, unless the Ordinary Share is fully paid, by or on behalf of the transferee. The Directors may, without assigning any reasons therefor, refuse to register the transfer of a certificated Ordinary Share which is not fully paid or on which the Company has a lien provided, in the case of a share that has been admitted to trading on AIM, that this would not prevent dealings in the share from taking place on an open and proper basis on AIM. In addition, in the case of a transfer of any share in certificated form, the Board may also refuse to register a transfer of shares if:

- (i) it is in respect of more than one class of shares;
- (ii) it is in favour of more than four joint transferees; or
- (iii) having been delivered for registration to the registered office of the Company or such other place as the Board may decide, it is not accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so.

Subject to the terms of the Articles, any shareholder may transfer all or any of his uncertificated Ordinary Shares by means of an Uncertificated System authorised by the Directors in such manner provided for, and subject as provided in any regulations issued for this purpose under the Companies Law or such as may otherwise from time to time be adopted by the Directors on behalf of the Company and the rules of any Uncertificated System, and accordingly no provision of the Articles shall apply in respect of an uncertificated Ordinary Share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the Ordinary Shares to be transferred. The Directors may only decline to register a transfer of an uncertificated Ordinary Share in the circumstances set out in regulations issued for this purpose under the Companies Law, and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated Ordinary Share is to be transferred exceeds four.

The Directors shall have power to implement such arrangements as they may, in their absolute discretion, think fit in order for any class of shares to be admitted to settlement by means of the CREST UK system. Subject to the CREST Guernsey Requirements and/or the rules of any other

relevant system, the registration of transfers may be suspended by giving such notices as may be required by the rules of any relevant system at such times and for such periods as the Directors may determine.

4.5 Disclosure requirements

If the Company determines that a holder of Ordinary Shares has not complied with the disclosure requirements contained in the Articles, with respect to some or all of the Ordinary Shares held by such holder of Ordinary Shares, the Company shall have the right to serve a direction notice on such person which notice shall (a) suspend the right of such person to vote those Ordinary Shares in person or by proxy at any meeting of the Company; and (b) where such Ordinary Shares represent at least 0.25 per cent. of the issued Ordinary Shares, (i) withhold, without any obligation to pay interest thereon, any dividend or other amount payable with respect to such shares; and/or (ii) prohibit the transfer of any Ordinary Shares save in certain circumstances.

Chapter 5 of the Disclosure and Transparency Rules (as amended from time to time) (“DTR 5”) is deemed to be incorporated by reference into the Articles and, accordingly, the vote holder and issuer notification rules set out in DTR 5 apply to the Company and each holder of shares of the Company.

If the Company determines that a holder of shares of the Company has not complied with DTR 5 with respect to some or all of the shares held by that holder, the Company can serve a default notice on such holder and the same sanctions as apply when a direction notice is served (as detailed above) will apply.

4.6 General meetings

- (a) General meetings (which are annual general meetings) shall be held at least once in each calendar year (with no more than 15 months elapsing between meetings). All general meetings (other than annual general meetings) shall be called extraordinary general meetings. General meetings shall be held in Guernsey or such other place outside the United Kingdom as the Board determine in accordance with the requirements of the Companies Law.
- (b) The Board may whenever it thinks fit, and shall on the requisition in writing of one or more shareholders who hold more than 10 per cent. of such of the capital of the Company as carries the right of voting at general meetings of the Company (excluding any capital held as treasury shares) upon which all calls or other sums then due have been paid, forthwith proceed to convene an extraordinary general meeting. The requisition shall be dated and shall state the object of the meeting and shall be signed by the requisitionists and deposited at the registered office of the Company and may consist of several documents in like form each signed by one or more of the requisitionists. If the Board does not proceed to convene a meeting within 21 days (after the date on which it becomes subject to such requirement) and/or fails to hold the meeting so requisitioned within 28 days after the date of the notice convening the meeting, then such meeting may be convened by such requisitionists in such manner as provided by the Companies Law.
- (c) Any general meeting shall be convened by at least 14 clear days' notice, specifying the date, time and place of the meeting and, in the case of any special business, the general nature of the business to be transacted. With the consent in writing of all shareholders entitled to vote, a meeting may be convened by shorter or no notice.
- (d) The quorum for a general meeting is two shareholders present in person or by proxy.

4.7 Voting rights

Subject to any rights or restrictions attached to any shares, on a show of hands every shareholder who is present in person or by proxy and entitled to vote shall have one vote for every share of which he is the holder. On a poll, every shareholder who is present in person or by proxy shall have one vote for every share of which he is the holder. A shareholder entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. A shareholder may appoint more than one proxy.

No shareholder shall be entitled to vote at any general meeting unless all moneys presently payable by him in respect of shares in the Company have been paid.

Holders of Subscription Shares may only vote in limited circumstances, as detailed in Part VI of this document.

4.8 Directors

(a) *Appointment of Directors*

The number of directors shall be not less than two, and there shall be no maximum number, unless otherwise determined by the Company by ordinary resolution.

The Board shall have power at any time to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Board but so that the total number of Directors shall not at any time exceed the number (if any) fixed pursuant to the Articles. Any person so appointed by the Board shall hold office only until the next annual general meeting and shall then be eligible for election.

(b) *Disqualification and Removal of Directors*

The circumstances in which a Director shall be disqualified from office include, *inter alia*, if he becomes bankrupt or insolvent, is prohibited by order made under the provisions of any law from acting as a director, becomes ineligible to be a Director in accordance with the Companies Law, he is requested to resign by written notice signed by a majority of his co-Directors or if the Company by ordinary resolution shall declare that he shall cease to be a Director.

(c) *Retirement of Directors*

At each general meeting of the Company, any Director (i) who has been appointed by the Board since the last annual general meeting; (ii) who held office at the time of the two preceding annual general meetings and who did not retire at either of them or (iii) who has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the meeting, shall retire from office and may offer himself for re-appointment by the shareholders.

(d) *No share qualification*

A Director need not be a shareholder.

(e) *Remuneration of Directors*

The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may determine, provided that the aggregate amount of such fees does not exceed £250,000 in any financial year, or such higher amount as may be determined by ordinary resolution of the Company. The Directors are also entitled to be repaid all expenses properly incurred by them respectively in the performance of their duties. Any Director holding an executive office or otherwise performing services which in the opinion of the Directors are outside the scope of his ordinary duties as a director may be paid such remuneration as the Directors may determine.

The Board shall have the power to pay and agree to pay gratuities, pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director or ex-Director and for the purpose of providing an gratuities, pensions or other benefits to contribute to any scheme or fund or to pay premiums.

The Directors may from time to time appoint one or more of their body to be the holder of any executive office (including the office of executive director) on such terms as they think fit.

(f) *Permitted interests of Directors*

Subject to the Companies Law and the Articles and provided that he has disclosed to the Directors the nature and monetary value or, if such value is not quantifiable, the extent of any interest of his, a Director notwithstanding his office:

- (i) may be a party to, or otherwise interested in, any contract 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 a shareholder of, or otherwise directly or indirectly interested in, any body corporate promoted by the Company or in which the Company has entered into any transaction, arrangement or agreement or in which the Company is otherwise interested;
- (iii) may act by himself or through his firm in a professional capacity to the Company (except that of auditor) in conjunction with the office of director on such terms as to remuneration and otherwise as the Directors may arrange as if he were not a Director; and
- (iv) 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 grounds of any such interest or benefit.

(g) *Powers of Directors*

Subject to the provisions of the Companies Law and the Articles and to any regulation as may be prescribed by the Company in general meeting, the business of the Company shall be managed by the Board who may exercise all such powers of the Company.

(h) *Proceedings of Directors*

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. The Board shall meet at least four times a year. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the chairman at the meeting shall not have a second or casting vote. All meetings of Directors shall take place outside of the United Kingdom and any decision reached or resolution passed by the Directors at any meeting held within the United Kingdom shall be invalid and of no effect.

A video link or telephone conference call or other electronic or telephonic means of communication in which a quorum of Directors participates and all participants can hear and speak to each other shall be a valid meeting **PROVIDED THAT** no Directors physically present in the United Kingdom at the time of any such meeting may participate in a meeting by means of video link, telephone conference call or other electronic or telephonic means of communication and accordingly no Director physically present in the United Kingdom shall count in the quorum or be entitled to vote at any such meeting.

One Director may summon a Board meeting at any time on reasonable notice. Notice of a Board meeting shall be deemed to be properly given to a Director if it is given to him personally or by word of mouth or sent in writing to him at his last known address or any other address given by him to the Company for that purpose. A Director may waive the requirement to be given notice, either prospectively or retrospectively.

A meeting of the Board at which a quorum is present shall be competent to exercise all powers and discretion exercisable by the Board.

The continuing Directors may act notwithstanding any vacancy but if and so long as their number is reduced below any minimum number fixed pursuant to the Articles the continuing Directors may act for the purpose of increasing the number of Directors to that number or of summoning a general meeting but for no other purpose. If there are no Directors able or willing to act then any one or more shareholders holding at last one tenth of the issued shares between them may summon a general meeting for the purpose of appointing a Director.

The Board may elect one of its number as chairman of their meetings, provided that such person shall be resident outside the United Kingdom and determine the period for which he is to hold office. If no such chairman be elected or if at any meeting the chairman be not present within five minutes after the time appointed for holding the same the Directors present may choose one of their number to be chairman of the meeting.

The Board may delegate any of its powers to committees consisting of two or more Directors as they think fit provided that the majority of Directors constituting any committee shall be resident outside of the United Kingdom. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Board.

The quorum necessary for the transaction of the business of the Board may be fixed by the Board and unless so fixed shall be two. The majority of Directors forming a quorum shall be resident outside of the United Kingdom. For the purposes of this Article, an alternate appointed by a Director shall be counted in a quorum at a meeting at which the Director appointing him is not present.

(i) *Restrictions on Voting*

Save as specifically provided in the Articles, a director may not vote in respect of any contract or arrangement or other proposal in which he is materially interested otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company. A director will not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

Subject to the Companies Law and to the rules of any Recognised Investment Exchange (which for this purpose means any stock or investment exchange, institution or screen based or other electronic quotation or trading system providing dealing facilities or quotations for investments approved from time to time by the Directors), a director is (in the absence of some material interest other than is indicated below) entitled to vote (and will be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:

- (i) the giving of any guarantee, security or indemnity to him in respect of a debt or obligations incurred by him or by another person at the request or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (iii) the giving to him of any indemnity where all other Directors are also being offered indemnities on substantially the same terms;
- (iv) the funding by the Company of his expenditure on defending proceedings or the doing by the Company of anything to enable him to avoid incurring such expenditure where all other Directors are being offered substantially the same arrangement;
- (v) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
- (vi) any proposal concerning the purchase and/or maintenance of any insurance policy against any liability of his or under which he may benefit; and
- (vii) any proposal concerning the adoption, modification or operation of a pension fund, superannuation or similar scheme or retirement, death or disability benefits scheme or employees' share scheme which relates both to the directors and employees of the Company or any of its subsidiary undertakings under which the Director benefits in a similar manner to the employees.

4.13 Indemnity of officers

To the fullest extent permitted by the Companies Law, the Company may indemnify any Director, Secretary and other officers or employees of the Company from and against all actions, costs,

charges, losses, damages and expenses which they may incur or sustain by reason of any contract entered into or any act done, concurred in or omitted, in or about the execution of their duty or supposed duty or in relation thereto.

4.14 Dividends and other distributions

Subject to the provisions of the Articles, the Directors may from time to time declare and pay dividends and/or make distributions, including interim dividends and/or distributions, to the shareholders as appear in accordance with the Companies Law to be justified.

The Board may create reserves before recommending or declaring any dividend or distribution. The Board may also carry forward to such reserves any sums which they think prudent not to distribute.

Subject to the Companies Law, where any asset, business or property is bought by the Company as from a past date, whether such date be before or after the incorporation of the Company, profits and losses from such date may, at the discretion of the Board, in whole or in part be carried to a revenue account and treated for all purposes as profits and losses of the Company. Subject as aforesaid, if any shares or securities are purchased cum dividend or interest such dividend or interest may at the discretion of the Board be treated as revenue and it shall not be obligatory to capitalise all or part of the same.

The Board may deduct from any dividend or distribution payable to any shareholder on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

The Board may retain any dividend, distribution or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the liabilities or obligations in respect of which the lien exists.

The Board may retain dividends or distributions payable upon shares in respect of which any person is entitled to become a shareholder until such person has become a shareholder.

Any dividend, distribution or other moneys payable on or in respect of a share shall be paid to the shareholder or to such other person as the shareholder (or, in the case of joint holders of a share, all of them) may in writing direct. No dividend, distribution or other moneys payable on or in respect of a share shall bear interest against the Company.

All unclaimed dividends or distributions may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted as trustee in respect thereof.

All dividends or distributions unclaimed on the earlier of (a) seven years after the date when it first became due for payment and (b) the date on which the Company is wound up shall be forfeited and shall revert to the Company without the necessity for any declaration or other action on the part of the Company.

Any resolution for the declaration or payment of a dividend or distribution on shares of any class, whether a resolution of the Company in general meeting or a resolution of the Board, may specify that the same shall be payable to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend or distribution shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend or distribution of transferors and transferees of any such shares.

4.15 Capitalisation of profits

The Board in its absolute discretion may resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that the sum be set free for distribution among the shareholders who would have been entitled thereto if distributed by way of dividend and in the same proportions on the condition that the same be not paid in cash but

be applied either in, or towards, paying up any amounts for the time being unpaid on any shares held by such shareholders respectively, or paying up in full unissued shares of the Company to be issued and distributed credited as fully paid up to and amongst such shareholders in the proportion aforesaid, or partly in the one way and partly in the other.

4.16 Distribution of assets in a liquidation

If the Company shall be wound up, the surplus assets remaining after payment of all creditors, including the repayment of bank borrowings, shall be divided *pari passu* among the holders of Ordinary Shares *pro rata* to their holdings of those shares which are subject to the rights of any shares which may be issued with special rights or privileges.

The liquidator may with the authority of a special resolution of the Company, divide among the shareholders in specie the whole or any part of the assets of the Company and (whether or not the assets shall consist of property of a single kind) may, for such purposes, set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the sanction of a special resolution of the Company, vest any part of the assets in trustees upon such trusts for the benefit of the shareholders as he determines but that no shareholders shall be compelled to accept any shares or other assets in respect of which there is any outstanding liability.

5. DIRECTORS' AND OTHER INTERESTS

5.1 The interests of each Director and Charles Cannon Brookes, including any connected person, the existence of which is known to, or could with reasonable diligence be ascertained by, that Director whether or not held through another party, in the share capital of the Company following Admission will be as follows:

<i>Director</i>	<i>Ordinary Shares</i>	<i>Subscription Shares</i>
Robert King	–	–
Richard Lockwood	3,071,000	1,535,500
Malcolm Burne	960,229	480,114
Andrew Ferguson ⁽¹⁾	–	–
Mark Hohnen	2,000,000	1,000,000
Charles Cannon-Brookes	716,500	358,250

(1) *Andrew Ferguson is the executive director and chief executive officer of APAC Resources. At Admission, APAC Resources will hold 5,218,210 Ordinary Shares and 2,609,105 Subscription Shares.*

5.2 In addition to their directorships in the Company and its subsidiaries, the Directors are currently directors or have been directors of the following companies and/or been partners in the following partnerships within the five years prior to the date of this document:

<i>Director</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Robert King	Absolute Return Trust Ltd. Astrum Holdings Ltd. Centrix IX Fund Ltd. Clarion ICC Ltd. Golden Prospect Precious Metals Ltd. Guernsey Photography Festival LBG Hillside Apex Fund Ltd. Jubilee Absolute Return Fund PCC Ltd. Jubilee Absolute Return Master Fund Ltd. KIC Global Strategy Fund Ltd. Legend Holdings Ltd. Pera Capital Partners Advisory Ltd.	Advaita Energy Ventures Ltd. Advaita Energy Finance Ltd. Advaita Equity Focus Fund Ltd. Albanactus Holdings Ltd. Ambridge Ltd. Anice Ltd. Arnold House Holdings Ltd. Azurie OS Ltd. BeechHolt Fund Ltd. Bewcastle Holdings Ltd. Blackpine Properties Ltd. Cannon Asset Management Ltd. Cannon Capital Advisors Ltd. Cannon Corporate Directors Ltd.

Director

Robert King
(continued)

Current directorships/partnerships

Renaissance Russia Infrastructure Equities Ltd.
Sienna Investment Company Ltd.
Sienna Investment Company 2 Ltd.
Sienna Investment Company 3 Ltd.
Sienna Investment Company 4 Ltd.
Thames River Africa Focus Fund Ltd.
Thames River Alternative Strategy Ltd.
Thames River Distressed Focus Fund Ltd.
Thames River Guernsey Direct Property Holdings Ltd.
Thames River Hillside Apex Fund SPC
Thames River Hillside Apex Fund II Ltd.
Thames River Isis Fund Ltd.
Thames River Longstone Fund Ltd.
Thames River Property Growth and Income Fund
Thames River Property (Securities) SARL
Thames River Sentinel Fund Ltd.
Thames River Warrior Fund Ltd.
Thames River Warrior II Fund Ltd.

Past directorships/partnerships

Cannon Corporate Services Ltd.
Cannon International Ltd.
Cannon Investments Ltd.
Cannon Nominees Ltd.
Cannon Secretaries Ltd.
Cape Diving Ltd.
Carrousel Fund II Ltd. (The)
Cascades Ltd.
Computershare Investor Services (Guernsey) Ltd.
Cowry Global Financials Fund Ltd.
Deloitte CIS Holdings Ltd.
Deloitte CIS Nominee Ltd.
Deloitte CIS Shareholders Ltd.
Distressed Focus Redemption Ltd.
Dominion DMG International Ltd.
Dominion Marketing Ltd.
Euro Finance Ltd.
Factory Electric Holdings Ltd.
FCM Asia-Pacific Fund Ltd.
FCM Asia-Pacific Master Fund Ltd.
FCM European Frontier Fund Ltd.
FCM European Frontier Master Fund Ltd.
FCM European Opportunities Fund Ltd.
FCM European Opportunities Master Fund Ltd.
FCM Global Opportunities Fund Ltd.
FCM Global Opportunities Master Fund Ltd.
FCM Japan Kachi Fund Ltd.
FCM Japan Kachi Master Fund Ltd.
HAFL Ltd.
Hilson Park Ltd.
Holborn Properties Ltd.
ICG Q Ltd.
ICG U Ltd.
Iris Holdings Ltd.
Kingsway Fund Ltd.
Leveraged Fund Ltd.
Lions of Africa SPC (formerly South African Hedge Funds SPC)
Littlegate Properties Ltd.
Metsi Trading Ltd.
Micro Investments Ltd.
Montreux Advisors Ltd.
Nebraska Holdings Ltd.
Nevsky Capital Holdings Ltd.
Newgate Property Holdings Ltd.
Orchid Developments Ltd.
Pharmed Consultants Ltd.
Process Marine Engineering Services Ltd.
Redwood Developments Ltd.
Rowan Developments Ltd.
Sarnia Construction Ltd.
Seahaze Ltd.
Sentinel Redemption Ltd.

<i>Director</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Robert King (continued)		Takura Trading Ltd. Thames River 1X Currency Alpha Fund Ltd. Thames River 2X Currency Alpha Fund Ltd. Thames River Argentum Fund Ltd. Thames River Capital (CI) Ltd. Thames River Capital Holdings Ltd. Thames River Edo Fund Ltd. Thames River Equity Focus Fund Ltd. Thames River Hedge Ventures Ltd. Thames River Kingsway Fund Ltd. Thames River Kingsway Plus Fund Ltd. Thames River Legion Fund Ltd. Thames River Magi Macro Fund Ltd. Thames River Mainstay Fund Ltd. Thames River Origin Fund Ltd. Thames River Tybourne Fund Ltd. Thames River ZeCo Fund Ltd. The Cromwell Corporation Ltd. Therium Holdings Ltd. Thomas Ventures Ltd. Viki International Ltd. Visio Trading Ltd. Waldemar Developments Ltd. Walden Way Ltd. Warrior Redemption Ltd. Warrior II Redemption Ltd. Wintergreen Ltd. Woodford Ltd.
Richard Lockwood	A Cap Resources Ltd. Ausgold Ltd. Regalpoint Resources Ltd. Geiger Counter Ltd. Help2Read 82 Cornwall Gardens Ltd.	Ambrian Capital PLC Hourswish Ltd. Kalahari Minerals plc Navan Mining PLC New City Investment Managers Ltd. (now CQS Asset Management Ltd.)
Malcolm Burne	Golden Prospect Precious Metals Ltd. Longships PLC The Venture Capital Exchange Ltd. West End TST Ltd. White Knight Investments Ltd.	CanGold Inc. Far East Resources plc (formerly Chapter One Capital PLC) Golden Prospect plc (now Ambrian Capital plc) Great Panther Inc. Interactive Resource Information Ltd. Jubilee Platinum Plc Mano River Resources Inc. Rivington Street Holdings (UK) Ltd. Rivington Street Media Ltd. Samson Oil & Gas NL (formerly Samson Exploration NL)
Andrew Ferguson	Accardo Investments Ltd. Alufer Mining Ltd APAC Resources Asia Ltd. APAC Resources Beijing Ltd. APAC Resources Capital Limited APAC Resources China Ltd. APAC Resources Commodity	CQS Asset Management Ltd.

<i>Director</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Andrew Ferguson (continued)	Trading Ltd. APAC Resources Eastern Ltd. APAC Resources Energy Ltd. APAC Resources Engineering Ltd. APAC Resources Enterprises Ltd. APAC Resources Holding (China) Ltd. APAC Resources Holdings China Ltd. APAC Resources Holdings (UK) Ltd. APAC Resources Investment Holding Ltd. APAC Resources Investments China Ltd. APAC Resources Investments Ltd. APAC Resources Ltd. APAC Resources Management Ltd. APAC Resources Mining Ltd. APAC Resources Northern Ltd. APAC Resources Shanghai Ltd. APAC Resources Southern Ltd. APAC Resources Strategic Holdings Ltd. APAC Resources Trading Ltd. APAC Resources Western Ltd. Asia Cheer Trading Ltd. First Landmark Ltd. Fortune Desire Investments Ltd. Hua Loong Textiles Ltd. Merchants (Hong Kong) Ltd. Metals X Ltd. Mount Sun Investment Ltd. New Orient Investment Managers Ltd. Shanghai Merchants Holdings Ltd. Sino Chance Trading Ltd. Super Grand Investments Ltd. Tecson Hong Kong Ltd. Ying Wing (H.K.) Ltd.	
Mark Hohnen	Cedravale Investments Pty. Ltd. Fernan Pty. Ltd. Guarabup Beach Pty. Ltd. Halsbrook Holdings Pty. Ltd. Harley (WA) Pty. Ltd. Kalahari Minerals plc Kumla Pty. Ltd. Oakhampton Pty. Ltd. Optimo Investments Pty. Ltd. Peak Coal Pty. Ltd. The Vines (WA) Pty. Ltd. Vynben Pty. Ltd. Wildhorse Energy Ltd.	Coronet Resources Pty. Ltd. Frankland River Olive Company Ltd. GASS Pty. Ltd. GinGin Land Company Ltd. Hohnen Investments Pty. Ltd. Leadlight Holdings Pty. Ltd. Melbourne Management (WA) Pty. Ltd. Milligan Street Nominees Pty. Ltd. Myola Holdings Pty. Ltd. North River Resources plc Premium Olive Managers Ltd. Premium Olive Marketing Pty. Ltd. Premium Olive Processing Pty. Ltd. The Melbourne Hotel (WA) Pty. Ltd. Wellbrook Enterprises Pty. Ltd.

- 5.3 Richard Lockwood was a director of the following companies when they were dissolved:
- (i) Consolidated Coal Plc, which was placed in receivership and wound up on 27 October 1999 with the assets being bought up by Anthracite Mining Limited;
 - (ii) Navan Mining Plc, which was placed in receivership on 10 December 2002 and dissolved on 3 July 2007 with approximately £16 million left owing to creditors; and
 - (iii) Capital Publishing Ltd, which was wound up on 8 November 1996 following a creditors' voluntary liquidation with approximately £660,000 left owing to creditors.
- 5.4 Save as disclosed in paragraph 5.3 above, at the date of this document, none of the Directors:
- (i) has any unspent convictions in relation to indictable offences; or
 - (ii) has been bankrupt or entered into an individual voluntary arrangement; or
 - (iii) was a director of any company at the time of or within 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors; or
 - (iv) has been a partner in a partnership at the time of or within 12 months preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership; or has had his assets the subject of any receivership or has been a partner of a partnership at the time of or within 12 months preceding any assets thereof being the subject of a receivership; or
 - (v) has been subject to any public criticism by any statutory or regulatory authority (including any recognised professional body) or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.
- 5.5 There are no outstanding loans by the Company to any of the Directors or any guarantees provided by the Company for the benefit of any of the Directors.
- 5.6 Each of the Directors has been appointed to office as a director of the Company pursuant to letters of appointment between the Company and each of them dated 4 July 2012, which appointments are for an initial period of 12 months from the date of Admission and are ongoing thereafter subject to termination by either party upon not less than 3 months' written notice. Each Director is currently paid director's fees of £20,000 per annum.
- 5.7 On 4 July 2012, Richard Lockwood entered into an agreement with the Company for the provision by him of advisory and execution services to the Board for an initial term of 12 months from the date of Admission in return for an annual fee of £30,000, payable monthly in arrears. The appointment is terminable on not less than 6 months' written notice given by either party expiring after the initial 12 month period.
- 5.8 On 4 July 2012, Malcolm Burne entered into an agreement with the Company for the provision by him of advisory and execution services to the Board for an initial term of 12 months from the date of Admission in return for an annual fee of £30,000, payable monthly in arrears. The appointment is terminable on not less than 6 months' written notice given by either party expiring after the initial 12 month period.
- 5.9 Save as set out in this paragraph 5, (i) there are no contracts or arrangements subsisting at the date of this document in which the Directors are materially interested and which are significant in relation to the business of the Company; and (ii) there are no agreements in existence between any of the Directors and the Company or any of its subsidiaries providing for benefits upon termination of employment.

6. SHARE INTERESTS

- 6.1 Save as set out below, the Directors are not aware of any person, directly or indirectly, jointly or severally, who exercises or could exercise control over the Company or who will be interested in three per cent. or more of the issued Ordinary Shares of the Company or associated Subscription Shares immediately following Admission:

Name	Number of Ordinary Shares	Number of Subscription Shares	Percentage of issued share capital at Admission	Percentage of issued share capital following Admission ⁽¹⁾
BlackRock Investment Management	5,299,854	2,649,927	8.36 ⁽²⁾	11.36
APAC Resources Limited	5,218,210	2,609,105	13.02	11.19
Artemis Alpha Trust plc	5,110,583	2,555,291	12.75	10.96
Longships plc	4,616,020	2,308,010	–	9.90
Galileo Resources plc	4,000,000	2,000,000	9.98	8.57
A Cap Resources Limited	3,536,750	1,768,375	8.82	7.58
Richard Lockwood	3,071,000	1,535,500	7.66	6.58
Sovereign Mines of Africa plc	2,200,000	1,100,000	5.49	4.72
Maya Gold and Silver Inc.	2,185,315	1,092,657	5.45	4.68
Mark Hohnen	2,000,000	1,000,000	4.99	4.29

(1) Including the Ordinary Shares to be issued to Longships plc after Admission, which is conditional upon the approval of the shareholders of Longships plc and the issue of the Ordinary Shares to BlackRock Investment Management following completion of the Mantle Diamonds Transfer.

(2) Excluding the 1,950,000 Ordinary Shares to be issued following completion of the Mantle Diamonds Transfer.

- 6.2 None of the Company's major Shareholders have different voting rights.
- 6.3 No person has an interest in the Company's capital or voting rights which is notifiable under the Companies Law.

7. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company since its incorporation and are or may be material or contain any provisions under which the Company has any obligation or entitlement which is material to the Company at the date of this document:

7.1 Fee and Commission Agreements in relation to the Issue

- (a) An appointment letter dated 13 March 2012 entered into by the Company with Westhouse Securities, pursuant to which the Company has agreed to pay Westhouse Securities:
- a corporate advisory fee of £70,000; and
 - a commission of 2 per cent. in cash on the aggregate value of the securities transferred to the Group pursuant to the Share Exchange Agreements entered into by fund managers or other market participants introduced to the Company by Westhouse Securities.

Westhouse Securities was also appointed by the Company to act as nominated adviser to the Company for the purpose of AIM. The Company has agreed to pay Westhouse Securities an annual retainer fee of £20,000 calculated from the date of Admission (increasing to £40,000 on the later of 12 months following Admission or when the Company's market capitalisation reaches £50 million) payable quarterly in advance. The agreement may be terminated by either party on 90 days' written notice, forthwith on written notice by Westhouse Securities if the Company is in material breach of the terms of the appointment letter and forthwith on written notice by the Company if Westhouse Securities is in material breach (and such breach, if capable of remedy, has not been remedied for a period of 30 days) of the terms of the appointment letter.

- (b) An appointment letter dated 24 March 2012 entered into by the Company with Ocean Equities, pursuant to which the Company has agreed to pay to Ocean Equities a commission of 2 per cent. in cash on the aggregate value of the securities transferred to the Group pursuant to the Share Exchange Agreements entered into by fund managers or other market participants introduced to the Company by Ocean Equities.
- (c) Agreement dated 4 July 2012 entered into by the Company with CED Capital Limited pursuant to which the Company has agreed to pay to CED Capital Limited a commission of 2 per cent. in cash on the aggregate value of the securities transferred to the Group pursuant to the Share Exchange Agreements entered into by fund managers or other market participants introduced to the Company by CED Capital Limited.

7.2 Broker Agreement

An appointment letter dated 4 July 2012 from Ocean Equities to the Company pursuant to which Ocean Equities was appointed by the Company to act as broker to the Company. The Company has agreed to pay Ocean Equities a fee of £30,000 per annum calculated from the date of Admission payable quarterly in advance. The agreement may be terminated by either party on six months written notice and forthwith on written notice by either party for a material breach by the other of the terms of the appointment letter.

7.3 Admission Agreement

An admission agreement dated 4 July 2012 between the Company (1) the Directors (2) Charles Cannon-Brookes (3) Westhouse Securities (4) and Ocean Equities (5) (the “**Admission Agreement**”) pursuant to which Westhouse Securities has agreed to act as the Company’s nominated adviser for the purposes of the AIM Rules and Ocean Equities has agreed to act as the Company’s broker for the purposes of the AIM Rules, in connection with the applications for Admission. The agreement provides for the Company to pay all expenses of and incidental to the applications for Admission, including the fees and costs of other professional advisers, including printing, advertising and distribution charges, the fees of the Registrars and the fees payable to the London Stock Exchange.

The Admission Agreement contains warranties and indemnities given by the Company, the Directors and Charles Cannon-Brookes in favour of Westhouse Securities and Ocean Equities, including, *inter alia*, warranties as to the accuracy of the information contained in this document and an indemnity from the Company to Westhouse Securities and/or Ocean Equities in relation to any claims brought against either of them in relation to the performance of their respective obligations under the Admission Agreement, together with the provisions which enable Westhouse Securities and/or Ocean Equities to terminate the Admission Agreement in certain circumstances, including where any of the warranties are found to be untrue or inaccurate in any material respect.

7.4 Administration and Support Services Agreement

An agreement dated 4 July 2012 between the Company and Arlington pursuant to which Arlington has agreed to provide, with effect from Admission, a range of day-to-day administration and support services, including human resource, training and investor relations services, to the Company. In consideration for its services, Arlington will be entitled to receive a ratcheting quarterly administration fee based upon “**Equity Funds**” being the aggregate of, (i) the Enlarged Share Capital multiplied by the Issue Price, (ii) in the event that the Company raises further funds through the issue of further Ordinary Shares the gross proceeds of such further issues, and (iii) the resulting proceeds arising for the Company on the exercise of the Subscription Shares.

The ratcheting quarterly administration fee relates to the size of Equity Funds from time to time, ratcheting from a base fee of £40,000 per quarter where the value of the Equity Funds is £20,000,000 or less up to a maximum fee of £200,000 per quarter where the value of the Equity Funds is £100,000,000 or more. The fee will be increased yearly from the second anniversary of Admission in line with the percentage increase in the UK Retail Prices Index.

The Administration and Support Services Agreement is for an initial period of 5 years from Admission and will continue thereafter subject to termination by either party on 12 months' notice expiring after the end of the initial 5 year fixed term.

7.5 Administration Agreement

An agreement dated 24 March 2012 between, *inter alia*, the Company and the Administrator pursuant to which the Administrator has been appointed to act as administrator to the Group. The Administrator will be paid a take on fee of £10,000 (maximum) and an annual fee of £45,000 in respect of the Company, £5,000 in respect of Praetorian Resources (GP) Limited, £10,000 in respect of both Praetorian Portfolio Holding L.P. and Praetorian (Special Limited Partner) L.P. and to time spent charged for unanticipated activity (subject to annual review and to annual inflation increases based on Guernsey RPI). The Agreement is for a minimum initial period of 12 months and subject thereafter to termination by either party on 90 days' notice. The Administrator has the benefit of an indemnity from the Company in relation to liabilities incurred in the performance of its duties other than those incurred as a result of the bad faith, recklessness, gross negligence, wilful default or fraud of the Administrator.

7.6 Custody Agreement

A custody agreement dated 26 June 2012 between the Praetorian Resources (GP) Limited (acting in its capacity as general partner to Praetorian Portfolio Holdings L.P.) and the Custodian, pursuant to which Praetorian Portfolio Holdings L.P. has appointed the Custodian to act as custodian of the Group's investments, cash and other assets and to accept responsibility for the safe custody of the property of the Group which is delivered to and accepted by the Custodian or any of its sub-custodians.

Either party is able to terminate the Custody Agreement on three calendar months' notice in writing. The Custody Agreement will terminate forthwith in the event of liquidation or administration of the Company.

The Custodian has the benefit of an indemnity from Praetorian Portfolio Holdings L.P. in relation to liabilities incurred in the performance of its duties other than those incurred as a result of its fraud, negligence, breach of the custodian agreement, or wilful default.

The Custodian will be entitled to receive a custodial fee from Praetorian Portfolio Holding L.P. acting by its general partner Praetorian Resources (GP) Limited at the rate of 0.08 per cent. of the Net Asset Value of the Company (as defined in the Custody Agreement). Investment transaction fees of £75.00 per trade are also payable. Praetorian Portfolio Holdings L.P. also bears the Custodian's costs and expenses incurred in connection with the Custody Agreement.

7.7 Cash Placing Agreements

- (i) Cash Placing Agreements dated 4 July 2012 between various Placees and the Company pursuant to which the Placees have agreed to subscribe for and the Company has agreed to issue, conditional on Admission, Placing Securities comprising an aggregate of 14,029,000 new Ordinary Shares (with an aggregate of 7,014,500 new Subscription Shares attached) at the Issue Price.
- (ii) A Cash Placing Agreement dated 4 July 2012 between Longships PLC (1) the Company (2) pursuant to which Longships PLC has agreed to subscribe for and the Company has agreed to issue, conditional on Admission and the approval of the independent shareholders of Longships plc, Placing Securities comprising an aggregate of 4,616,020 new Ordinary Shares (with an aggregate of 2,308,010 new Subscription Shares attached) at the Issue Price.

7.8 Share Exchange Agreements

- (i) Share Exchange Agreements dated 4 July 2012 between various vendors (1) and the Company (2) pursuant to which various vendors have agreed to transfer to the Group, conditional on

Admission, their respective shareholdings in various listed or quoted companies in the Target Sectors (at agreed valuations as at 15 June 2012) in exchange for the allotment and issue to them of an aggregate of 14,134,072 new Ordinary Shares, with an aggregate of 7,067,036 new Subscription Shares attached, at the Issue Price.

- (ii) A Share Exchange Agreement dated 4 July 2012 between Malcolm Burne (1) and the Company (2) pursuant to which Malcolm Burne has agreed to transfer to the Group, conditional on Admission, his shareholdings in various listed or quoted companies in the Target Sectors (at agreed valuations as at 15 June 2012) in exchange for the allotment and issue to him of 560,229 new Ordinary Shares, with 280,114 new Subscription Shares attached, at the Issue Price.
- (iii) A Share Exchange Agreement dated 4 July 2012 between Richard Lockwood (1) and the Company (2) pursuant to which Richard Lockwood has agreed to transfer to the Group, conditional on Admission, his shareholdings in various listed or quoted companies in the Target Sectors (at agreed valuations as at 15 June 2012) in exchange for the allotment and issue to him of 1,071,000 new Ordinary Shares, with 535,500 new Subscription Shares attached, at the Issue Price.
- (iv) A Share Exchange Agreement dated 4 July 2012 between Charles Cannon-Brookes (1) and the Company (2) pursuant to which Charles Cannon-Brookes has agreed to transfer to the Group, conditional on Admission, his shareholdings in various listed or quoted companies in the Target Sectors (at agreed valuations as at 15 June 2012) in exchange for the allotment and issue to him of 316,500 new Ordinary Shares, with 158,250 new Subscription Shares attached, at the Issue Price.
- (v) Share Exchange Agreements dated 4 July 2012 between various issuing companies in the Target Sectors (1) and the Company (2) pursuant to which such issuing companies have agreed to issue to the Group, conditional on Admission, new shares in such issuing companies at agreed valuations in exchange for the allotment and issue to them of an aggregate of 11,922,064 new Ordinary Shares, with an aggregate of 5,961,032 new Subscription Shares attached, at the Issue Price.

7.9 Lock-in Deeds

Individual lock-in deeds dated 4 July 2012 entered into by each of the Directors and Charles Cannon-Brookes in favour of the Company, Westhouse Securities and Ocean Equities, pursuant to which each of the Directors and Charles Cannon-Brookes has undertaken that he will not and will procure that his 'connected persons' (as defined in the UK Companies Act 2006) will not dispose of any securities, save in accordance with the AIM Rules, until one year from the date of Admission.

7.10 Registrar's Agreement

An agreement dated 30 March 2012 between the Registrar (1) and the Company (2) for the provision of registry and associated services to the Company and pursuant to which the Company has agreed to pay to the Registrar a set-up fee of £2,000 and then a minimum annual fee of £5,500.

7.11 Agreement for services of Charles Cannon-Brookes

An agreement dated 4 July 2012 between the Company (1) and Charles Cannon-Brookes (2) for the provision by Charles Cannon-Brookes of advisory and related services to the Board for an initial term of 12 months from the date of Admission in return for an annual fee of £50,000, payable monthly in arrears. The appointment is terminable on not less than 6 months' written notice given by either party expiring after the initial 12 month period.

7.12 Consultancy agreements with international advisory team

- (i) A consultancy agreement dated 4 July 2012 between the Company (1) and Ian Middlemas (2) for the provision by Ian Middlemas of consultancy advice to the Board (or as it may direct) in relation to the Company's strategy and any change in the Target Sectors and with a view to

introducing suitable opportunities in the Target Sectors to the Company of which Ian Middlemas becomes aware from time to time. The consultancy agreement is for an initial term of 12 months and the Company has agreed to pay to Ian Middlemas an annual consultancy fee of £12,000, payable monthly in arrears. The appointment is terminable by either party on six months' notice expiring at any time after the end of the initial 12 month period.

- (ii) A consultancy agreement dated 4 July 2012 between the Company (1) and Jamie Strauss (2) for the provision by Jamie Strauss of consultancy advice to the Board (or as it may direct) in relation to the Company's strategy and any change in the Target Sectors and with a view to introducing suitable opportunities in the Target Sectors to the Company of which Jamie Strauss becomes aware from time to time. The consultancy agreement is for an initial term of 12 months and the Company has agreed to pay to Jamie Strauss an annual consultancy fee of £12,000, payable monthly in arrears. The appointment is terminable by either party on six months' notice expiring at any time after the end of the initial 12 month period.

7.13 Subscription Agreements

Subscription Agreements dated 4 July 2012 between the Company and various portfolio companies constituting the Initial Portfolio pursuant to which the Company has agreed to subscribe approximately £4.6 million, in aggregate and conditional, *inter alia*, on Admission for certain shareholdings in such portfolio companies.

8. THE LIMITED PARTNERSHIP AGREEMENT

8.1 Duration

The term of Praetorian Portfolio Holding L.P. began on 16 May 2012, being the date upon which the partnership was registered in accordance with the Limited Partnerships Law at the register established by the Greffier and shall continue for 100 years unless sooner terminated or extended in accordance with the provisions of the Limited Partnership Agreement or the Limited Partnerships Law.

8.2 Commitment and drawdown

The Company will contribute to Praetorian Portfolio Holding L.P., by way of capital and loan, (i) the net proceeds of the Cash Placing and the investments acquired pursuant to the Share Exchanges, and (ii) the net pounds sterling proceeds received by the Company from any further equity fund raisings undertaken following Admission ("**Equity Funds**").

8.3 Admission of new partners

No further limited partners will be admitted to Praetorian Portfolio Holding L.P. without a variation to the Limited Partnership Agreement, which would require the consent of the Company, Praetorian Resources (GP) Limited and PSLP.

8.4 PSLP performance incentive allocation

PSLP is entitled to receive from Praetorian Portfolio Holding L.P. a performance incentive payment equal to 20 per cent. of the aggregate return over the full or pro-rata (in the case of partial realisations) cost of investment (including all pro-rata out-of-pocket costs relating to such investment) received by Praetorian Portfolio Holding L.P. and Praetorian Resources (GP) Limited following the full or partial cash realisation of an investment. The payment of a performance incentive payment is conditional upon the Net Asset Value per Ordinary Share at the end of the relevant Performance Period (as adjusted, *inter alia*, to add back the value of any distributions and accrued but unpaid performance incentive payments) being greater than the Net Asset Value per Ordinary Share at Admission or, if a performance incentive payment has previously been paid, the Net Asset Value per Ordinary Share when a performance incentive payment was last paid. In addition, performance incentive payments will be adjusted up or down by such amount as is required to achieve the position that, following such distribution: (i) the aggregate cumulative amount of performance incentive payments will equal 20 per

cent. of the Eligible Performance Incentive Payment Proceeds; and (ii) the Net Asset Value at the end of the relevant Performance Period is not less than the Net Asset Value per Ordinary Share at Admission or, if a performance incentive payment has previously been paid, the Net Asset Value per Ordinary Share when a performance incentive payment was last paid.

“Eligible Performance Incentive Payment Proceeds” means the greater of the sum of the realised gains and realised losses on each investment (or part thereof) disposed of by Praetorian Portfolio Holding L.P. prior to the date of such distribution (including the realised gains on the Investment(s) (or part(s) thereof) giving rise to such distribution) since the start of the relevant Performance Period to the date of such distribution or payment (as applicable).

Performance incentive payments shall be distributed within 20 business days of completion of the audit for the relevant Performance Period (with the first such calculation taking place as at 31 March 2013).

PSLP’s entitlement to receive Performance Incentive Payments shall cease immediately following the Retirement Date.

“Retirement Date” means the earlier to occur of: (i) the Praetorian Resources Retirement Date; (ii) the date an election to dissolve Praetorian Portfolio Holding L.P. is passed pursuant to the Limited Partnership Agreement; and (iii) the date on which a takeover offer for the Company becomes unconditional.

“Praetorian Resources Retirement Date” means the later of: (i) the effective date on which all of Richard Lockwood, Malcolm Burne and Charles Cannon-Brookes have ceased to be engaged by the Company to provide services to the Group; and (ii) the effective date of termination of the Administration and Support Services Agreement.

On the occurrence of the Retirement Date the Company has agreed to purchase PSLP’s interest in Praetorian Portfolio Holding L.P. for an amount equal to 20 per cent. of the sum of the realised gains and realised losses on each investment (or part thereof) disposed of received by Praetorian Portfolio Holding L.P. prior to the date of such distribution (including the realised gains on the Investment(s) (or part(s) thereof) giving rise to such distribution) since the end of the previous Performance Period provided that the sum (i) shall be £1.00 if the Net Asset Value per Share at the Retirement Date (as adjusted, *inter alia*, to add back the value of any distributions and accrued but unpaid performance incentive payments) does not exceed the Net Asset Value at Admission and, if a performance incentive payment has been paid, the Net Asset Value when a performance incentive payment was last paid; and (ii) will be adjusted up or down by such amount as is required to achieve the position that, following such distribution: (a) the aggregate cumulative amount of performance incentive payments and the consideration for PSLP’s interest will equal 20 per cent. of the Eligible Performance Incentive Payment Proceeds; and (ii) the Net Asset Value at the Retirement Date is not less than the Net Asset Value per Ordinary Share at Admission or, if a performance incentive payment has previously been paid, the Net Asset Value per Ordinary Share when a performance incentive payment was last paid.

8.5 Variations to the Limited Partnership Agreement

Save as described below, the Limited Partnership Agreement may only be amended (whether in whole or in part) by the written consent of Praetorian Resources (GP) Limited, the Company and PSLP. The Limited Partnership Agreement may be amended by Praetorian Resources (GP) Limited without the consent of the Company and the PSLP to, *inter alia*, make any amendment whatsoever to the Limited Partnership Agreement which Praetorian Resources (GP) Limited deems advisable provided that it does not adversely affect any of the rights of the Company or PSLP.

9. WORKING CAPITAL

The Directors are of the opinion that the Praetorian Resources Group will have sufficient working capital for its present requirements, that is for at least 12 months from the date of Admission.

10. RELATED PARTY TRANSACTIONS

Save as disclosed in paragraph 7 of this Part X, there are no transactions which, as a single transaction or in their entirety, are or may be material to the Company and have been entered into by the Company with a related party since incorporation. Each of such transactions was concluded at arm's length.

11. EMPLOYEES

Following Admission, the Praetorian Resources Group will have no full or part time employees.

12. GOVERNMENTAL, LEGAL AND ARBITRATION PROCEEDINGS

Neither the Company nor any member of the Praetorian Resources Group is, nor at any time in the 12 months prior to the date of this document, has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.

13. TAKEOVER OFFERS

Part VIII of the Companies Law contains provisions in relation to the compulsory acquisition of shares in the event of a takeover offer. Section 337 of the Companies Law provides that if within 4 months after the date of making an offer in respect of a scheme or contract which involves the transfer of shares or any class of shares in a company, the offer is approved by shareholders comprising 90% in value of the shares affected (excluding any shares held as treasury shares), the transferee (i.e. the person to whom the shares or any class of shares in a company is being transferred to) may, within 2 months after the expiration of those 4 months, give notice to any dissenting shareholder that it desires to acquire his shares (a "**notice to acquire**").

A 'dissenting shareholder' includes a shareholder who has not assented to the scheme or contract (in respect of the transfer of the shares) and any shareholder who has failed or refused to transfer his shares to the transferee in accordance with the scheme or contract.

Subject to the provisions of section 339 of the Companies Law, where a notice to acquire is given, the transferee is entitled and bound to acquire those shares on the terms on which, under the scheme or contract, the shares of the approving shareholders are to be transferred to the transferee.

Subject to the provisions of section 339 of the Companies Law, the transferee shall, on the expiration of one month from the date of the notice to acquire send a copy of the notice to the transferor the consideration required under the notice in respect of, the shares he is entitled to acquire and the transferor shall then register the transferee as the holder of these shares. Any sums that are received by the transferor shall be paid into a separate bank account, and any such sums and any other consideration so received shall be held by the transferor on trust for the shareholders entitled to the shares in respect of which the said sum or other consideration was respectively received.

Section 339 of the Companies Law provides that a dissenting shareholder may, within 1 month after the date of a notice to acquire, apply to the Royal Court of Guernsey to cancel that notice. The Royal Court may then cancel the notice or make such an order as it thinks fit.

14. GENERAL

14.1 The costs and expenses of, and incidental to, Admission will be borne by the Company and will be approximately £503,000.

14.2 The Company has not, since the date of its incorporation, commenced operations and has no material assets or liabilities and therefore no financial statements of the Company have been prepared as at the date of this document.

14.3 Save as set out in paragraph 7.1 and except for fees payable to the professional advisers whose names are set out on page 5 of this document, no person has received fees, securities in the

Company or other benefit to a value of £10,000 (or its currency equivalent) whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission.

- 14.4 Charles Cannon-Brookes is considered to be an 'investment manager' of the Company for the purposes of the AIM Rules for Companies because he is a member of the Advisory & Execution Team whilst not being a Director or employee of the Company. Charles Cannon-Brookes is not carrying out any activity for or on behalf of the Company which would require him to be authorised or regulated for the purposes of FSMA. Charles Cannon-Brookes is a director and adviser of Arlington, which is authorised for the purposes of FSMA, and Charles Cannon-Brookes is approved for the purposes of FSMA in that regard. Arlington is not carrying out any regulated activity for or on behalf of the Company. The Board and Westhouse Securities are independent of Charles Cannon-Brookes.
- 14.5 As at the date of this document, there has been no significant change in the financial and trading position of the Company since its incorporation.
- 14.6 Following Admission, there will be no time limit by which the Company has to make an investment or return funds to Shareholders.
- 14.7 Save as disclosed in this document, there are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Company's business.
- 14.8 Where information has been sourced from a third party, the Company confirms that this information has been accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.
- 14.9 Westhouse Securities and Ocean Equities have each given and not withdrawn their written consent to the issue of this document with the references to their respective names in the form and context in which they appear.
- 14.10 The Company's auditors are BDO Limited. BDO Limited is a member of the Guernsey Society of Chartered and Certified Accountants.

15. AVAILABILITY OF DOCUMENTS

Copies of this document will also be available free of charge during normal business hours, on any weekday (excluding Saturdays and public holidays) at the offices of Westhouse Securities Limited at One Angel Court, London EC2R 7HJ and on the Company's website (www.praetorianresources.com) from the date of this document, until the date which is one month from the date of Admission.

Dated: 4 July 2012

