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If you sell or have sold or otherwise transferred all of your Ordinary Shares in Palmaris Capital plc please send this document, together with the accompanying documents, immediately to the relevant purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This Circular has been prepared solely for the purpose of providing general financial and other information regarding the business and activities of Palmaris and has been approved solely for the purposes of Section 21 of the Financial Services and Markets Act 2000 by Noble & Company Limited of 76 George Street, Edinburgh EH2 3BU.

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Palmaris Capital Plc

*(Incorporated in Scotland with registered number SC108429)*

**Distribution by way of dividend in specie of Palmaris' holding  
in Perseverance Corporation Limited  
and  
Exchange of Warrants for Ordinary Shares**

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This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Palmaris Capital plc set out on pages 4 to 9 of this document which recommends that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting referred to below. A notice of an Extraordinary General Meeting of Palmaris Capital plc, which is to be held at 76 George Street, Edinburgh, EH2 3BU on 19 February 2007 at 11.00 a.m. is set out at the end of this document.

The white Proxy Form for use at the Extraordinary General Meeting accompanies this document and, to be valid, must be completed and signed in accordance with the instructions printed thereon and be returned to Capita Registrars using the enclosed reply paid envelope (if you are in the UK) or by hand (during normal business hours only) or by post to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible but, in any event, so as to arrive no later than 11.00 a.m. on 17 February 2007. The return of a completed Proxy Form will not prevent you from attending the Extraordinary General Meeting and voting in person if you wish to do so.

Palmaris Shareholders who hold 1,000,000 or fewer Ordinary Shares and are resident in the UK will receive a blue Election Form with this document. If such Palmaris Shareholders wish to receive the Cash Alternative in respect of their entitlement to Perseverance Ordinary Shares as described in this document they should elect to do so by marking the Cash Election box on the Election Form and returning it to Capita Registrars using the enclosed reply paid envelope (which is also for the Proxy Form) or by post only to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by 4.30 p.m. on 21 February 2007. Those who do not wish to receive the Cash Alternative should mark the Share Election box of the Election Form and return it in the same way.

## DIRECTORS, SECRETARY AND ADVISERS

**Directors:** TP Noble (Chairman)  
RG Melgaard (Managing Director)  
J Richardson (Finance Director)  
PMB Bucher (Non-Executive Director)  
W Paterson (Non-Executive Director)

**Secretary and Registered Office:** J Richardson  
Paterson Building  
Gartsherrie Road  
Coatbridge  
ML5 2EU

**Nominated Adviser and Broker:** Noble & Company Limited  
76 George Street  
Edinburgh  
EH2 3BU

**Solicitors:** Shepherd and Wedderburn LLP  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2ET

**Auditors:** Scott-Moncrieff  
17 Melville Street  
Edinburgh  
EH3 7PH

**Principal Bankers:** The Royal Bank of Scotland  
62 Hamilton Road  
Motherwell  
ML1 3DA

**Registrars:** Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of white Proxy Forms for the Extraordinary General Meeting	<b>11.00 a.m. on 17 February 2007</b>
Extraordinary General Meeting	<b>11.00 a.m. on 19 February 2007</b>
Exchange of Warrants for Ordinary Shares	<b>19 February 2007</b>
Latest time and date for receipt of blue Election Forms relating to the Cash Alternative	<b>4.30 p.m. on 21 February 2007</b>
Admission of new Ordinary Shares to trading on AIM	<b>8.00 a.m. on 23 February 2007</b>
Distribution Record Time for entitlement to the Distribution	<b>4.30 p.m. on 23 February 2007</b>
Ex-dividend date for Ordinary Shares entitled to receive the dividend in specie	<b>26 February 2007</b>
Expected time and date for the Distribution and Australian CHESS accounts credited with the Perseverance Ordinary Shares	<b>28 February 2007</b>
Posting of holding statement to Shareholders detailing holding of Perseverance Ordinary Shares and posting of cheques to Shareholders who elected for the Cash Alternative	<b>By 28 February 2007</b>

If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through the Regulatory News Service of the London Stock Exchange.

All times shown in this document are London times unless otherwise stated.

**PART I**  
**LETTER FROM THE CHAIRMAN OF PALMARIS**

**Palmaris Capital plc**

*(Incorporated in Scotland with registered number SC108429)*

*Directors*

Timothy Noble (*Chairman*).

Gregory Melgaard (*Managing Director*).

James Richardson (*Finance Director*).

Peter Bucher (*Non-executive Director*).

William Paterson (*Non-executive Director*).

*Registered and Head Office:*

Paterson Building

Gartsherrie Road

Coatbridge ML5 2EU

24 January 2007

Dear Shareholder

**Distribution of Palmaris' interest in Perseverance**

**Exchange of Warrants for Ordinary Shares**

**1 Introduction**

The purpose of this document is to set out the background to and the reasons for the Proposals, as well as the action to be taken by Shareholders.

It is proposed that Palmaris' entire holding of 57,233,745 Perseverance Ordinary Shares should be distributed to Shareholders on a pro rata basis, by way of a dividend in specie. Those Perseverance Ordinary Shares would then be owned directly by Shareholders. No cash would be received by the Company in return for this distribution and accordingly it should be expected that the market value of Palmaris' Ordinary Shares on AIM will fall to reflect the reduction in the Company's assets resulting from the Distribution. However, the overall value attributable to Shareholders should be unchanged, taking account of the value of the Perseverance Ordinary Shares or the Cash Alternative.

Those Shareholders who hold 1,000,000 or fewer Ordinary Shares are being given the opportunity to sell their entitlement to receive Perseverance Ordinary Shares pursuant to the Distribution in exchange for the payment to them of a cash alternative. This Cash Alternative is being offered primarily by Waverton and by Patersons Quarries. It is strongly recommended by the Independent Directors that Shareholders who hold fewer than 20,000 Ordinary Shares should seriously consider electing for the Cash Alternative as otherwise they will be left with a small shareholding in an Australian company.

As Shareholders may recall, the Company has issued Warrants to subscribe for its Ordinary Shares at a price of 5p per share. The Warrant holders would be adversely affected by such a large dividend in specie to the Shareholders and their consent is required before the Proposals can be implemented. The Warrant holders have granted that consent on condition that the Exchange of the Warrants is effected. It is therefore proposed to allot 25,588,800 fully-paid Ordinary Shares to the holders of the Warrants before the Distribution is made in exchange for the cancellation of the Warrants on a cashless basis enabling the Warrant holders to participate in the Distribution.

Set out at the end of this document is a notice of an extraordinary general meeting of the Company at which resolutions to implement the Proposals will be proposed. Completion of the Proposals is conditional on the passing of all of the Resolutions.

In Appendix I you will find details of the action to be taken by you in respect of voting at the Extraordinary General Meeting and also (where applicable and assuming the Resolutions are passed) in respect of making the choice as to whether you would prefer to participate in the Cash Alternative.

**2 Background to and reasons for the Distribution**

It is the Board's stated aim to seek to maximise value for Shareholders. Palmaris currently has two holdings:

- a holding of approximately 9.99 per cent. of the issued capital of Perseverance Corporation Limited, a company with gold mining interests in Victoria, Australia, and listed on the Australian Stock Exchange, which represented approximately 38 per cent. of Palmaris' net assets as at 30 June 2006; and
- a holding of 18 per cent. of Scottish Resources Group Limited, the UK's second largest coal mining company, which represented approximately 58 per cent. of Palmaris' net assets as at 30 June 2006.

The remaining 4 per cent. of the Company's net assets was represented by cash.

In the last three years, Palmaris has been extremely supportive to the change and development within Perseverance. Over that time a new management team has been put in place led by Chairman John Quinn and Managing Director Graeme Sloan, a new strategy has been adopted, the construction of a new processing plant has been completed and a new underground mine has begun. Following the recently announced ongoing acquisition of Leviathan Resources Limited, Perseverance will become one of the largest independent gold producing companies in Australia.

The market capitalisation of Perseverance has duly risen from A\$39 million at the start of 2003 to A\$196 million as at the close of business on 17 January 2007. Palmaris currently holds 57,233,745 Perseverance Ordinary Shares representing approximately 9.99 per cent. of the issued ordinary share capital of Perseverance, equating to A\$19.6 million by market value.

During the initial stages of Perseverance's recent development the Board believed it was necessary for Palmaris to support, through its ownership, the strategy of Perseverance. Gregory Melgaard, the Company's managing director, is a director of Perseverance as a result.

However, the Board now believes that it would be in the best interest of all Shareholders if the Company focused on just one of its two principal investments. As the shares of Scottish Resources Group Limited are not currently listed it was decided to dispose of the Perseverance investment. In addition, the Company's holding in Perseverance has now fallen below 10 per cent. of Perseverance's issued share capital and it is necessary to complete the disposal by Palmaris of its entire holding in Perseverance before 7 March 2007 in order to obtain substantial shareholding relief and thus pay no corporation tax on the disposal.

The decision to dispose of the Company's interest in Perseverance by means of the Distribution rather than a straightforward sale was taken because the Company wished to allow Shareholders to continue to have an interest in Perseverance directly without having to subscribe additional capital to acquire such an interest and because the Company has no need of the additional cash resources it would receive from a straightforward sale. For the majority of Shareholders, a Cash Alternative to the Distribution is being offered primarily by Waverton and Patersons Quarries.

Shareholders who retain their dividend in specie entitlement of Perseverance Ordinary Shares will be able to continue to participate in Perseverance's position as a company with gold mining interests and in Perseverance's future. They can then sell their gold-mining investment at a different time from their coal-mining investment.

### **3 The Exchange of the existing Warrants**

There are currently 130,344,504 Ordinary Shares in issue and Warrants to subscribe for 35,540,000 Ordinary Shares at 5p per share at any time up to 30 April 2011. It is intended that the Distribution will take place after the Warrants have been Exchanged for Ordinary Shares and admitted to trading on AIM.

It is proposed that the Warrants will be cancelled and new Ordinary Shares will be issued to the Warranholders. The Ordinary Shares are to be issued to the Warranholders in order to enable them to participate in the Distribution. This Exchange is to be effected through a cancellation of the existing 35,540,000 Warrants in exchange for the issue of 25,588,800 fully paid up Ordinary Shares in the Company to the Warranholders.

The consent of the Warranholders to the proposed Distribution is required under the Warrant Instrument. The Warranholders have granted that consent on condition that the Exchange is effected. In calculating the number of Ordinary Shares to be issued in Exchange for the Warrants, the Warrants have been valued according to an established methodology based on the Company's mid-market closing price on 17 January 2007. This has resulted in the following Warrant Conversion Rate being calculated.

#### **Warrant Conversion Rate**

#### **72 Ordinary Shares for every 100 Warrants in issue**

The 25,588,800 Ordinary Shares will be issued fully paid-up at par value to the Warranholders by the capitalisation of the sum of £1,279,440 standing to the credit of the profit and loss account of the Company.

Following the Exchange of the Warrants, it is expected that there will be 155,933,304 Ordinary Shares in issue.

It is expected that the new Ordinary Shares proposed to be issued pursuant to the Exchange, representing approximately 16.4 per cent. of the expected issued share capital of the Company immediately following the Exchange, will be admitted to trading on AIM at 8.00 a.m. on 23 February 2007.

*Rule 9 of the City Code*

In April 2001 the Panel on Takeovers and Mergers (“the Panel”) waived any obligation which might otherwise have fallen on Waverton and Patersons Quarries, together with W Paterson who was regarded as acting in concert with Patersons Quarries, as the Warranholders and significant Shareholders to make a general offer pursuant to Rule 9 of the City Code. This obligation arose as a result of the issue in April 2001 of 35,540,000 Warrants and 61,440,000 Shares to Waverton and Patersons Quarries and those acting in concert with them. The waiver of the obligations to make and offer under Rule 9 of the City Code was subject to shareholder approval which was obtained on 24 April 2001 at an extraordinary general meeting of the Company.

Prior to this extraordinary general meeting Waverton and Patersons Quarries, and their respective concert parties, held 8,482,840 and 9,412,372 respectively. Following the receipt of Shareholder approval on 24 April 2001 and the issue of the Shares and Warrants referred to above, the Warranholders (including those deemed to be acting in concert with them) had the following interests:

	<i>No. of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>No. of Warrants</i>	<i>Percentage of diluted issued share capital*</i>
Waverton	40,142,840	34.4%	17,660,000	37.9%
Patersons Quarries**	39,192,372	33.5%	17,880,000	37.5%

Note: \*Assuming full exercise of the Warrants  
\*\* Including the shareholding of W Paterson

Since this date the Company has issued a further 13.5 million Shares through two placings. Waverton and Patersons Quarries each purchased 1.2 million Shares in January 2002, as permitted under Note 11 of Rule 9 of the City Code. As at the date of this document, the Warranholders (including those who were declared to be acting in concert with them in April 2001) currently have the following interests:

	<i>No. of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>No. of Warrants</i>	<i>Percentage of diluted issued share capital*</i>
Waverton	41,342,840	31.7%	17,660,000	35.6%
Patersons Quarries**	40,392,372	31.0%	17,880,000	35.1%

Note: \* Assuming full exercise of the Warrants  
\*\*Including the shareholding of W Paterson

It is proposed within this document that all of the Warrants are Exchanged for 25,588,800 Ordinary Shares which will be issued to Warranholders subject to Shareholder approval. Following the Exchange the Warranholders would therefore have the following interests:

	<i>No. of Ordinary Shares held post Exchange</i>	<i>Percentage of issued share capital</i>
Waverton	54,058,040	34.7%
Patersons Quarries*	53,265,972	34.2%

Note: \*Including the shareholding of W Paterson

Under the proposed Exchange, the total number of Shares that Waverton and the Patersons Quarries concert party would have following Exchange will be less than the total that they would have held had the exercise of the Warrants occurred.

The Panel, having been advised of the impact of the Exchange of the Warrants on the Shareholders of Palmaris and notwithstanding the waiver it provided in April 2001, has agreed that there are no requirements for either Waverton or Patersons Quarries (or W Paterson, acting as a concert party of Patersons Quarries) either to seek a further waiver of, or to make a general offer pursuant to, Rule 9 of the City Code as a result of the Exchange of the Warrants.

The Independent Directors consider, having consulted with Noble, that the terms of the Exchange are fair and reasonable insofar as Palmaris Shareholders are concerned.

Under Rule 9 of the City Code, any further acquisitions of Shares made by either Waverton or the Patersons Quarries concert party may result in the relative acquisition party being required to make a general offer for the entire share capital of the Company or seek a further waiver of Rule 9, pursuant to Rule 9 of the City Code.

Further details on the Warrantheolders and the background to the issue of the Warrants, including Rule 9 of the City Code, can be found in Appendix III of this document.

#### 4 The Distribution

The Company currently holds 57,233,745 Perseverance Ordinary Shares. The Distribution of this holding in Perseverance is proposed to be effected by the payment of a dividend in specie to Shareholders conditional upon approval of the Resolutions at the EGM. However, Shareholders who have an interest in 1,000,000 or fewer Ordinary Shares are being offered a Cash Alternative which is detailed in paragraph 5 of this letter.

Assuming that the Proposals become effective and subject to rounding down fractional entitlements, Shareholders registered on the Palmaris Register as at the Distribution Record Time will be entitled to receive Perseverance Ordinary Shares according to the following ratio:

**0.367 Perseverance Ordinary Shares for every Palmaris Share held**

**At the price per Perseverance share of A\$0.34 used for the Cash Alternative, this is equivalent to a distribution of 5.0p per Palmaris share**

The Proposals are conditional, *inter alia*, on the approval of all of the Resolutions by Shareholders at the Extraordinary General Meeting.

The individual entitlements of Shareholders to receive the Distribution will be calculated by reference to their holdings of existing Ordinary Shares on the Palmaris Register at the Distribution Record Time, being 4.30 p.m. on 23 February 2007 (or such other time and date as the Directors (or any duly authorised committee of them) may decide). To be on the Register at the Distribution Record Time, transfers of Ordinary Shares must be recorded on the Register by 4.30 p.m. on 20 February 2007. It is proposed that the Distribution will become effective on 28 February 2007.

The Perseverance Ordinary Shares to be transferred to Shareholders pursuant to the Distribution will be electronically registered on the CHESS subregister in Australia. The names and addresses of the holdings will be the same as those provided on the Palmaris Register as at the Distribution Record Time. Shareholders in Perseverance will receive a holding statement detailing their Perseverance holding and providing them with their individual Security Holder Reference Number (“SHRN”) as required under ASX regulations.

Shareholders who wish to sell part or all of their holding in Perseverance at some future date after the completion of the dividend in specie may be able to do so through a broker of their choice who has the ability to transact in Australian Stock Exchange listed shares. In order to deal in their Perseverance Shares, Shareholders will be required to produce their SHRN. Further details of the SHRN will be provided in a covering letter sent out with the holding statement.

##### *Fractional Entitlements*

A number of Palmaris Shareholders will be entitled to a fraction of a Perseverance Ordinary Share as part of the Distribution. Arrangements will be put in place for such fractional entitlements to be aggregated and sold in the general market or be offered to Waverton and Patersons Quarries on the same terms as detailed below under the Cash Alternative. The Company will retain the resulting funds received as part of the sale of the aggregated fractions. The estimated maximum any shareholder could lose as a result of the loss of a fractional entitlement would be one Perseverance share whose mid-market value was A\$0.34 on 17 January 2007 (approximately 13.7p).

#### 5 The Cash Alternative

On completion of the Distribution, many Palmaris Shareholders will receive small shareholdings in Perseverance. They are likely to incur disproportionate costs on any ultimate disposal, in addition to any problems they may have in finding a broker to sell the shares for them.

For those Shareholders that receive Perseverance Ordinary Shares, they should also be aware that the Board of Perseverance, under the terms of Perseverance’s articles of association, has the right to aggregate all shareholdings in Perseverance with a value of less than A\$500 and sell the combined holding on the ASX. The total amount of funds received pursuant to this action would then be distributed back to the holders of these aggregated shares in Australian dollars on a pro rata basis to their shareholding in Perseverance.

Certain Palmaris Shareholders (“**Eligible Shareholders**”) are entitled to elect to accept a Cash Alternative, subject to the terms and conditions set out in this document and the accompanying Election Form. Eligible Shareholders for the Cash Alternative are defined in paragraph 1.2 of Appendix IV.

Waverton and Patersons Quarries have agreed, subject to the terms and conditions set out in this document and the accompanying Election Form, to purchase entitlements under the Distribution in respect of up to an aggregate of 20,000,000 Perseverance Ordinary Shares (equivalent to approximately £1,000,000) from Eligible Shareholders who validly accept the Cash Alternative. Waverton and Patersons Quarries shall, subject to the terms and conditions set out in this document, be entitled, but not bound, at their discretion to purchase further Perseverance Ordinary Shares from Eligible Shareholders who validly accept the Cash Alternative on the same terms.

In the event that valid elections for the Cash Alternative are received in respect of more than 20,000,000 Perseverance Ordinary Shares, then such number of Perseverance Ordinary Shares above that number that are not also purchased by Waverton and Patersons Quarries at their discretion shall, subject to the terms and conditions set out in this document, be sold by Palmaris on the ASX as soon as practically possible after the Distribution Record Time.

The total funds obtained through the sale of these Perseverance Ordinary Shares will be confirmed and distributed to those Shareholders who elect for the Cash Alternative on a pro rata basis to the number of Perseverance Ordinary Shares each Shareholder presented for sale.

The terms and conditions of the Cash Alternative can be found in Appendix IV of this document.

Should Eligible Shareholders elect to receive the Cash Alternative they will receive:

#### **5.0p for each Palmaris Share held**

(adjusted up or down if and to the extent that any Perseverance Shares  
need to be sold on the ASX and the sale achieves proceeds which  
vary from A\$0.3425 per Perseverance Share)

Such Eligible Shareholders may therefore elect to either:

- (a) receive cash by selling their entitlement to participate in the Distribution; or
- (b) receive a holding of Perseverance Ordinary Shares by participating in the Distribution.

Such Eligible Shareholders are being provided with a blue Election Form. If they wish to receive the Cash Alternative in respect of their entitlement to Perseverance Ordinary Shares, they should complete the Cash Election box and return the Election Form to Capita Registrars using the enclosed reply paid envelope (which is also for the Proxy Form) or by post to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible but, in any event, so as to arrive no later than 4.30 p.m. on 21 February 2007. For those Shareholders who wish to receive their entitlement of Perseverance Ordinary Shares, they must mark the Share Election box on the Election Form and return it in the same way.

Any such elections will become effective at 4.30 p.m. on 23 February 2007, the day the dividend in specie becomes effective (unless revoked by written notice received by the Registrars at least 48 hours prior to such time). **If you do not return the blue Election Form you will be deemed to have elected to keep your Perseverance Ordinary Shares and will not receive cash pursuant to the Cash Alternative.**

Cheques in respect of such proceeds are expected to be despatched to those entitled (at their risk) by 28 February 2007. Shareholders who elect to receive the Cash Alternative will not receive Perseverance Ordinary Shares.

## **6 Taxation**

Shareholders should consider carefully their tax position before deciding what action to take in respect of the Proposals.

For Shareholders who are resident in the United Kingdom, the taxation effects are set out in Part IV.

**In certain circumstances, individuals who are higher rate income tax payers may need to consider carefully whether to receive the dividend or to sell their Palmaris shares cum dividend, with particular regard of the Capital Gains Tax cost of their holding.**

Those Shareholders who are resident outside the United Kingdom need to obtain their own tax advice on the effect of receiving a dividend from a United Kingdom company.

## **7 Risk Factors**

**For a discussion of certain risk factors which might affect your holding of Perseverance Ordinary Shares see “Risk Factors” in Part III of this document.**

## 8 Overseas Shareholders

Any person resident outside the United Kingdom who is to receive Perseverance Ordinary Shares pursuant to the Distribution must satisfy himself or herself as to full observance of the laws of the relevant territory in connection therewith, including obtaining any requisite government or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territory.

Although Palmaris Shareholders outside of the United Kingdom will be entitled to receive Perseverance Ordinary Shares in the dividend in specie, their acceptances of the Cash Alternative may be rejected at the discretion of Waverton and Patersons Quarries.

The Cash Alternative is not being offered to any overseas Shareholder where to do so would constitute a breach of appropriate overseas securities or other laws.

## 9 Extraordinary General Meeting

You will find set out on pages 23 to 24 (inclusive) of this document a notice of Extraordinary General Meeting of the Company, to be held at 11.00 a.m. on 19 February 2007 at 76 George Street, Edinburgh EH2 3BU, at which four Resolutions (as set out on pages 23 and 24 and summarised on page 10 of this document) will be proposed.

Each of the Resolutions is conditional upon the passing of all of the other Resolutions, that is to say unless all of the Resolutions are duly passed, none of the Resolutions otherwise approved by members shall be effective.

## 10 Further Information

Your attention is drawn to the further information set out in Parts II to IV of this document. **You are advised to read the whole of this document and not just rely on the summary information contained in this letter.**

## 11 Recommendation

**The Board considers the Distribution to be in the best interests of the Shareholders as a whole. Accordingly, the Board recommends that you vote in favour of Resolution 1 as each of the Directors intends to do in respect of his own direct beneficial holdings, which amount in aggregate to 2,761,000 Ordinary Shares, representing approximately 2.1 per cent. of the Ordinary Shares in issue.**

**W Paterson, RG Melgaard and J Richardson are not considered to be Independent Directors as regard to the proposals in respect of the Exchange and, accordingly, as regards Resolutions 2, 3 and 4. They therefore provide no recommendation on those Resolutions.**

**As the Exchange is deemed to be a related party transaction under the AIM Rules, the Independent Directors, being Mr P Bucher and myself, consider, having consulted with Noble, Palmaris' nominated adviser, that the terms of the Exchange are fair and reasonable insofar as Palmaris shareholders are concerned. Accordingly, the Independent Directors recommend that you vote in favour of Resolutions 2, 3 and 4 as each of the Independent Directors intends to do in respect of his own beneficial holdings, which amount in aggregate to 661,000 Ordinary Shares, representing approximately 0.5 per cent. of the Ordinary Shares in issue.**

Yours faithfully,



T.P. Noble  
Chairman

## PART II - RESOLUTIONS

Resolutions 1 to 3 (inclusive) will be proposed as ordinary resolutions and, as such, each require to be passed by a simple majority of votes cast (whether on a show of hands or a poll). Resolution 4 will be proposed as a special resolution and, as such, requires to be passed by a majority of not less than 75 per cent. of votes cast (whether on a show of hands or a poll). On a show of hands each member who is entitled to vote and present in person or (being a corporation) present by representative shall have one vote, and on a poll each member who is entitled to vote and present in person or by proxy or (being a corporation) present by representative shall have one vote for every Ordinary Share held.

Summaries of the Resolutions to be proposed follow:

### *Resolution 1*

An ordinary resolution to approve the payment of the dividend in specie to Palmaris Shareholders. This Resolution also seeks to authorise the Directors do such acts and things on behalf of the Company as the Directors consider necessary, expedient or desirable in connection with the payment of the dividend in specie.

### *Resolution 2*

An ordinary resolution to grant the Directors a general authority pursuant to section 80 of the Act to allot relevant securities (within the meaning of the Act) with an aggregate nominal value of up to £1,279,440. The authority to be granted to the Directors pursuant to this Resolution is in addition to any existing authority granted pursuant to section 80 of the Act. The Directors will use the authority granted pursuant to this Resolution to issue and allot Ordinary shares to Warranholders pursuant to the Exchange.

### *Resolution 3*

An ordinary resolution to authorise the capitalisation of the sum of £1,279,440 standing to the profit and loss account of the Company in order to pay up the nominal value of the Ordinary Shares to be issued and allotted to Warranholders pursuant to the Exchange. As noted at Part I of this document, the Exchange is proposed to be effected on a cashless basis and this Resolution is required to ensure that the Ordinary Shares allotted and issued to Warranholders pursuant to the Exchange are paid-up to at least their nominal value. This is required in order that the Company may comply with the provision in the Act which states that shares in a company may not be allotted at a discount to their nominal value.

Resolution 3 also seeks to authorise the Directors of the Company to do such acts and things on behalf of the Company as the Directors consider necessary, expedient or desirable in connection with the issue and allotment of Ordinary Shares to Warranholders in relation to the Exchange.

### *Resolution 4*

A special resolution to alter the Company's existing articles of association by inserting a new Article 141A providing that the Directors may apply amounts which have been resolved to be capitalised in satisfaction of, or in consideration for, the exercise or cancellation or waiver of warrants to subscribe for shares in the capital of the Company. This alteration of the Company's articles of association is required in order that the Directors expressly be permitted by the articles of association to give effect to the matters specified in Resolution 3.

Shareholders should note that the terms of the Proposals are such that, although it is Palmaris' current intention that the Proposals should be concluded, Palmaris is entitled to decide not to proceed with the Proposals at any time prior to the passing of the Resolutions.

**See Appendix I for action to be taken in respect of the Extraordinary General Meeting.**

## PART III - RISK FACTORS

If the dividend in specie proceeds, Palmaris Shareholders, who before the dividend in specie had an indirect interest in Perseverance Ordinary Shares, will have a direct interest in Perseverance Ordinary Shares and, accordingly, will be directly subject to risk affecting Perseverance, its business, its results of operations and its financial condition.

The following risks factors do not purport to be a complete list or explanation of all the risk factors involved in having an interest in Perseverance. Some of these risks can be mitigated using appropriate safeguards, controls and systems, but others are outside the control of Perseverance and cannot be mitigated.

### *Economic and Stock Market Risks*

The financial performance of Perseverance and the value of Perseverance Ordinary Shares will fluctuate due to various factors including movements in the Australian and international equity markets, the gold price, recommendations by brokers and analysts, interest rates, inflation, Australian and international economic conditions, change in government fiscal, monetary and regulatory policies, prices of commodities (including oil), global geo-political events and hostilities and acts of terrorism, investor perceptions and other factors that may affect Perseverance's financial position and earnings. In future, these factors may cause the Perseverance Ordinary Shares to trade below current prices and may affect the income and expenses of Perseverance.

### *Risks in Mining Operations*

The operation of a mine such as those operated by Perseverance involves, in its very nature, the potential for significant operating problems which can cause production delays and increased operating costs and, in some circumstances, the incurring of substantial liability to third parties.

Such operating problems include geological conditions, fire or flooding and industrial accidents. Since they may be beyond management control and cannot be accurately predicted there is no assurance that such operating problems could not arise and adversely affect the intended operations of Perseverance under its business plan.

### *Gold Price*

Most of Perseverance's revenues will ultimately be derived from the sale of gold. Consequently, Perseverance's expected earnings will be closely related to the international gold price. Gold prices fluctuate and are affected by numerous factors beyond the control of Perseverance. These factors include world demand, forward selling by producers and production cost levels in major gold-producing regions. Moreover, gold prices are also affected by macro-economic factors such as expectations regarding inflation, interest rates and global and regional demand for and supply of gold as well as general global economic conditions. These factors may have an adverse effect on Perseverance's exploration, development and production activity as well as on its ability to fund these activities.

### *Environmental and Safety Regulation Risks*

The activities involved in mining gold may cause environmental damage to water, land or air and involve significant remedial costs or substantial liability. Environmental laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. Furthermore the permission to operate could be withdrawn temporarily where there is evidence of serious breaches of health and safety, or even permanently in the case of extreme breaches.

It may not be possible to insure against such liabilities and the scope of the liabilities could themselves be increased by future changes in environmental regulations.

### *Acquisitions and Integration*

Perseverance may examine corporate opportunities (including potential acquisitions) with a view to determining whether those opportunities will enhance its business. The successful implementation of Perseverance's corporate strategy will depend on a range of factors, including potential challenges associated with integrating and adding value to a business which is acquired.

Any corporate opportunity that Perseverance pursues could, for a variety of reasons, have a material adverse effect on Perseverance. Perseverance will in such circumstances be exposed to due diligence risks and/or business integration risks and, in those circumstances, may not realise the anticipated value from corporate opportunities. Any failure to realise the anticipated value from investments or acquisitions could have a material adverse impact on Perseverance.

*Estimates of Reserves, Mineral Deposits and Production Costs*

Ore reserve and mineral resource estimates are estimates only and no assurance can be given that any particular level of recovery of gold from ore reserves will in fact be realised or that an identified mineral resource will ever qualify as a commercially mineable (or viable) orebody which can be legally and economically exploited.

Estimates of ore reserves, mineral resources and production costs can also be affected by such factors as environmental regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological factors and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results. Short term factors relating to ore reserves, such as the need for orderly development of orebodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. There can be no assurance that gold recovered in small-scale laboratory tests will be duplicated in large-scale tests under on-site conditions or in production scale milling. Material changes in ore reserves, grades, stripping ratios or recovery rates may affect the economic viability of projects. Ore reserves are reported as general indicators of mine life and should not be interpreted as assurances of mine life or of the profitability of current or future operations.

*Key Senior Management*

The successful operation of Perseverance will depend partly upon the performance and expertise of its management and employees. Perseverance has a small management team, and the loss of the Chairman or Chief Executive or any other key individual or inability to attract suitably qualified staff could materially adversely impact the business. The Board has sought to and will continue to ensure that Directors and any key employees are appropriately incentivised. However, their services cannot be guaranteed.

*Government Policies, Legislation and Regulatory Requirements*

Perseverance's assets are located in Australia and mineral exploration and mining activities may be affected in varying degrees by government regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the control of Perseverance and may adversely affect its business. The introduction of new policies, legislation or amendments to existing policies or legislation by the Australian government or the interpretation of those laws in Australia, could impact adversely on the assets, operations and ultimately the financial performance of Perseverance.

*Employee Relations*

Although Perseverance has a good record of employee relations, future industrial action at the mine could, if it were to occur, adversely affect coal production and implementation of the business plan.

*Reliance on Third Parties*

Perseverance may contract with third parties for equipment and services. The failure of a third party to perform its obligations adequately could subject the company to additional costs and delays. In addition, failure of a subcontractor to pay for its equipment and services could adversely affect the company's profitability. If a subcontractor fails to pay for equipment and services in a timely manner, the company's profitability and working capital position could be adversely affected and certain aspects of the company's business could be subject to liens. As a result, projects could incur excessive costs to prevent adverse effects on the company's operations, to satisfy such liabilities or to discharge such liens.

*Management Skill*

The success of Perseverance depends on the ability of the directors to interpret market and geological data correctly and to interpret and respond to economic, market and other conditions in order to locate and adopt appropriate investment opportunities, monitor such investments, and ultimately, if required, successfully divest such investments. Further, no assurance can be given that Perseverance's investment strategies can be successfully implemented in the future.

*Australian Stock Exchange*

The value of the Perseverance Ordinary Shares may go down as well as up. Investors may therefore realise less than the amount available through the Cash Alternative and could lose their entire holding. The market value of the Perseverance Ordinary Shares may not necessarily reflect the underlying net asset value of the company.

*Exchange Rate Risks*

Fluctuations in the A\$ relative to the US\$ may materially affect the cash flow and earnings which Perseverance will realise from its operations. The majority of Perseverance's costs are denominated in A\$ and, whilst the revenue is denominated in A\$, the A\$ denominated gold price moves in line with the US\$ denominated gold price. Therefore, if the A\$ strengthens in value relative to the value of the US\$, Perseverance's consolidated financial results will be adversely affected.

*Further Funding*

In order to provide for future growth, Perseverance will rely on both equity and debt funding. However, an inability to obtain the necessary funding for the business or a material increase in the cost of the funding through an increase in interest rates may have a material adverse impact on Perseverance.

*Dividends*

There is no guarantee to Shareholders that they will receive any dividends from Perseverance.

*Other Risk Factors*

Perseverance is subject to most of or all of the commercial, legal, employment, operational and reputational risks that also affect others in other business sectors. The risks above do not necessarily comprise all those faced by Perseverance and are not intended to be presented in any assumed order of priority.

AN INVESTMENT IN PERSEVERANCE MAY NOT BE SUITABLE FOR ALL RECIPIENTS OF THIS DOCUMENT AND SHAREHOLDERS ARE ADVISED TO SEEK THEIR OWN INDEPENDENT FINANCIAL ADVICE.

## PART IV – TAXATION

### United Kingdom Taxation

The following statements are intended only as a general guide to the current tax position under UK taxation law and practice. They assume Shareholders are resident in the UK for UK tax purposes, are absolute beneficial owners of their existing holding of Ordinary Shares and are not dealers in securities or any other person with special tax status. Any Shareholder who is in any doubt as to his or her tax position or is subject to tax in any jurisdiction other than the UK should consult his or her professional adviser without delay.

#### *Dividends*

Under current UK legislation, no tax is withheld from dividends in cash or in specie made by Palmaris.

#### *Individual Shareholders*

All UK resident Shareholders will be potentially liable to income tax whether they accept Perseverance Ordinary Shares or elect to accept the Cash Alternative.

A UK resident individual Shareholder will be entitled to a tax credit in respect of any dividend (ie the value of the Perseverance Ordinary Shares or the Cash Alternative) received equal to one ninth of the amount of the dividend. The tax credit therefore equals 10 per cent. of the aggregate amount of the dividend and tax credit. Liability to UK income tax is calculated on the sum of the dividend and the tax credit. The tax credit will be available to offset such a Shareholder's liability to income tax on the dividend.

Individual Shareholders whose income is within the starting rate or basic rate tax bands are subject to income tax at the rate of 10 per cent. on their dividend income, so that such Shareholders will have no further liability to income tax on their dividends. The higher rate of income tax is 32.5 per cent. in respect of dividend income (rather than the main rate of 40 per cent.) so that a Shareholder whose income is subject to higher rate income tax will, after allowing for the 10 per cent. tax credit, be liable to pay further income tax equal to 22.5 per cent. of the amount of the dividend and the tax credit (which is equal to 25 per cent. of the cash or cash equivalent dividend received). A Shareholder who is not liable to income tax on the dividend (or any part of it) is not able to claim payment of the tax credit (or part of it) in cash from HM Revenue and Customs.

#### *Corporate Shareholders*

UK resident corporate Shareholders (including authorised unit trusts and open-ended investment companies) and pension funds will not normally be liable to UK taxation on any dividend received and are not entitled to payment in cash of the tax credit.

#### *Cash Alternative*

Those individuals who elect to accept the Cash Alternative will, in addition to receiving a dividend, then be making an immediate disposal of Perseverance Ordinary Shares for UK Capital Gains Tax purposes. Under the Proposals there will be no chargeable gain and therefore no requirement to report this disposal to HM Revenue and Customs unless the total aggregate proceeds of all chargeable disposals in the year to 5 April 2007 exceed £35,200.

**Any Shareholder in doubt should consult an appropriate professional adviser.**

#### *Disposal of Perseverance Ordinary Shares*

Individual Shareholders who are resident or ordinarily resident for tax purposes in the UK may, depending upon their individual circumstances, be liable to UK Capital Gains Tax on a disposal of Perseverance Ordinary Shares subject to any taper relief available.

Corporate Shareholders who are resident for tax purposes in the UK will usually be liable to UK corporation tax on chargeable gains on a disposal of Perseverance Ordinary Shares.

#### *Inheritance Tax*

Perseverance Ordinary Shares are assets situated outside the UK for the purposes of UK inheritance tax. A gift of shares by, or the death of, an individual Shareholder may (subject to certain exemptions) give rise to a liability to UK inheritance tax if the Shareholder is domiciled or deemed to be domiciled in the UK.

## APPENDIX I – ACTION TO BE TAKEN BY SHAREHOLDERS

### *Action to be taken in respect of the Extraordinary General Meeting*

You will find enclosed with this document a white Proxy Form for use in connection with the Extraordinary General Meeting.

Whether or not you intend to be present at the Extraordinary General Meeting, you are requested to complete the white Proxy Form in accordance with the instructions printed thereon and return it to Capita Registrars using the enclosed reply paid envelope (if you are in the UK) or by hand (during normal business hours only) or by post to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible but, in any event, so as to arrive no later than 11.00 a.m. on 17 February 2007.

The return of a completed white Proxy Form will not prevent you from attending the Extraordinary General Meeting and voting in person if you wish to do so.

### *Action to be taken in respect of the Cash Alternative*

You will also find enclosed with this document a blue Election Form for use by Eligible Shareholders in connection with the Cash Alternative.

If you are a Palmaris Shareholder as recorded on the Register with an interest in 1,000,000 or fewer Ordinary Shares at the Distribution Record Time and are UK resident and wish to accept the offer of a Cash Alternative you are requested to mark the Cash Election box in the Election Form indicating your desire to sell all of your Perseverance Ordinary Shares and return it in accordance with the instructions printed thereon and return it to Capita Registrars using the enclosed reply paid envelope (if you are in the UK) or by hand (during normal business hours only) or by post to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible but, in any event, so as to arrive no later than 4.30 p.m. on 21 February 2007.

Those who do not wish to receive the Cash Alternative should mark the Share Election box in the Election Form and return it as described above. If you do not return the blue Election Form you will be deemed to have elected to keep your Perseverance Ordinary Shares and will not receive cash pursuant to the Cash Alternative.

## APPENDIX II – INFORMATION ON PERSEVERANCE

Perseverance Corporation Limited is a listed public company and was first listed on the Australian Stock Exchange in 1987. Perseverance has a workforce of over 180 people and operates the Fosterville Gold Mine, 20 km east of Bendigo in Victoria, Australia. While the Fosterville field dates back to the 1890's, Perseverance has been open cut mining oxide ore on the site since mid 1992.

The Fosterville gold project is a substantial mineralised system with open pit and more recently underground mining operations. Gold production re-commenced in 2005 and is expected to yield approximately 100,000 ounces of gold per year over the next 8 – 10 years. After the completion of the recently announced acquisition of Leviathan Resources Limited, combined annual production is expected to rise to approximately 200,000 ounces per year.

Palmaris Capital plc currently holds 57,233,745 Perseverance Ordinary Shares, which is approximately 9.99 per cent. of the issued ordinary share capital of Perseverance. The market value of Palmaris' interest in Perseverance as at 17 January 2007 (the date at which the price was fixed by the Board of Directors) was approximately £7.8m.

For the year ended 30 June 2006, under Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards, Perseverance reported turnover of A\$63.95m (approx. £25.70m) and loss before tax of A\$59.03m (approx. £23.72m). As at 30 June 2006, under Australian Accounting Standards, Perseverance had consolidated gross assets of A\$129.39m (approx. £51.99m) and consolidated net assets of A\$9.86m (approx. £3.96m). This financial information is extracted from the audited accounts for Perseverance for the year ended 30 June 2006.

Perseverance Ordinary Shares are listed and traded on the Australian Stock Exchange. The Perseverance Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States unless pursuant to a transaction that is registered under the Securities Act, or not required to be registered thereunder, or pursuant to an exemption from the registration requirements thereof. The Perseverance Ordinary Shares referred to in this document have not been approved or disapproved by the US Securities and Exchange Commission (the "SEC"), any state securities commission in the United States or any other US regulatory authority, nor have such authorities passed upon or determined the adequacy or accuracy of this Circular. Any representation to the contrary is a criminal offence in the United States.

### *Perseverance Risk Factors*

Certain risk factors relating to Perseverance and its business are set out in Part III of this document.

Further information on Perseverance is available in the Perseverance Annual Report and Accounts for the year ended 30 June 2006 which is available from Perseverance's investor relations website ([www.perseverance.com.au](http://www.perseverance.com.au)) or can be requested from the registrars, Computershare Investor Services, Level 19, 307 Queen Street, Brisbane, Queensland, 4000, Australia.

## APPENDIX III – ADDITIONAL INFORMATION

### *Background to Warrants*

In 2000 the company in which Palmaris (then known as “Waverley Mining Finance plc”) had its largest single investment, Mining (Scotland) Limited, ran into significant financial problems, necessitating in Palmaris requiring a significant injection of new capital. Patersons Quarries and Waverton Holdings agreed to lend £800,000 each in order to meet the requirements of the debt providers, Clydesdale Bank. As a consequence, the Clydesdale Bank discharged its securities over the majority of Waverley Mining Finance plc’s assets.

Following on from the provision of these loans, Patersons Quarries and Waverton agreed, subject to shareholder approval, to convert these loans plus additional loans made to the Company and all accumulated interest due on them into Ordinary Shares in the Company and to receive warrants pursuant to the capitalisation of the loans.

Greg Melgaard, Managing Director of Palmaris, and his extended family, amongst others, are potential discretionary beneficiaries of a discretionary trust managed by independent trustees, Close Trustees Guernsey Limited. The entire issued share capital of Waverton is owned by this trust.

Willie Paterson, Non-executive Director of Palmaris, is a director of Patersons Quarries in which he has a beneficial interest of 25.7 per cent. and Paterson family trusts control the outstanding balance of the interest of 74.3 per cent.

Willie Paterson and Patersons Quarries were deemed to be acting in concert for the purposes of the issue of the Warrants and the conversion of loans referred to above under the Rules of the City Code.

### *The City Code on Takeovers and Mergers*

The Panel on Takeovers and Mergers (the “Takeover Panel”) is an independent body, established in 1968, whose main functions are to issue and administer the City Code on Takeovers and Mergers (the “City Code”) and to supervise and regulate takeovers and other matters to which the City Code applies in accordance with the rules set out in the City Code. It has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers pursuant to the Directive on Takeover Bids (2004/25/EC) (the “Directive”). Its Directive functions are set out in and under The Takeover Directive (Interim Implementation) Regulations 2006 (the “Regulations”). Rules are set out in the City Code (including the Introduction, the General Principles, the Definitions and the Rules (and the related Notes and Appendices)) and the Rules of Procedure of the Hearings Committee. Further information relating to the Takeover Panel and the City Code can be found on the Takeover Panel’s website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk). The City Code is also available on the Takeover Panel’s website. The Company is subject to the City Code by virtue of its status as a public company, even though it is not listed on any stock exchange, and therefore its shareholders are entitled to the protection afforded by the City Code.

Under Rule 9 of the City Code, any person who acquires an interest (as defined in the City Code) in shares which, taken together with shares in which he is already interested and in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares. Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person which increase that person’s percentage of the voting rights.

### *Waiver of Rule 9 Obligation in 2001*

In April 2001 the Panel on Takeovers and Mergers (“the Panel”) waived any obligation which might otherwise have fallen on Waverton and Patersons Quarries, together with W Paterson who was regarded as acting in concert with Patersons Quarries, to make a general offer pursuant to Rule 9 of the City Code. This obligation arose as a result of the issue in April 2001 of 35,540,000 Warrants and 61,440,000 Shares to Waverton and Patersons Quarries and those acting in concert with them. The waiver of the obligation to make an offer under Rule 9 of the City Code was subject to shareholder approval which was obtained on 24 April 2001 at an extraordinary general meeting. The respective shareholdings of Patersons Quarries and W Paterson and Waverton immediately following the issue of the Shares and Warrants (which were the subject of the 2001 waiver) were as follows:

- Waverton held 40,142,840 Shares in the Company representing 34.4 per cent. of the Company. It also held 17,660,000 warrants issued to Waverton following the extraordinary general meeting. On the exercise of all of the Warrants it would have held 37.9 per cent. of the Company
- Patersons Quarries and W Paterson, deemed to be acting in concert at the time of the waiver, held a total of 39,192,372 Shares representing 33.5 per cent. of the Company. Patersons Quarries also held 17,880,000 Warrants. On the exercise of the Warrants they would have a combined interest in 37.5 per cent. of the Company.

Since April 2001, Waverton and Patersons Quarries have had their shareholding diluted twice through the issue by the Company of 8,000,000 new Ordinary Shares (on 3 August 2001) and 5,500,000 new Ordinary Shares (on 14 December 2004).

As permitted under Note 11 of Rule 9.1 of the City Code, Waverton purchased 1,200,000 Ordinary Shares during this period (January 2002) and is currently interested in 41,342,840 Ordinary Shares, representing 31.7 per cent. of the non-diluted issued share capital of the Company. Patersons Quarries purchased 1,200,000 Ordinary Shares during this period (January 2002) also as permitted under Note 11 of Rule 9.1 of the City Code and currently is interested in 40,392,372 Ordinary Shares (including Mr W Paterson's holding of 1,900,000), representing 31.0 per cent. of the non-diluted issued share capital of the Company. Neither Waverton nor Patersons Quarries have exercised any of their Warrants as at the date of this document.

*Note 11*

Under Note 11 of Rule 9.1 of the City Code, for persons or group of persons acting in concert who are interested in shares with more than 30 per cent. of the voting rights of a company, who reduce their interest but to not less than 30 per cent. either by way of an issue of new shares containing voting rights by the Company or as a result of the sale of a fraction of their shares may acquire an interest in further shares without incurring an obligation to make a general offer. This is subject to the total number of shares being acquired over a 12 month period not exceeding 1 per cent. of the voting share capital and the total number of shares held by that person or group of persons not exceeding the highest percentage of shares held by them in the previous 12 months.

## APPENDIX IV - TERMS AND CONDITIONS OF THE CASH ALTERNATIVE

- 1 The Cash Alternative is condition upon:
  - 1.1 the passing of the Resolutions at the Extraordinary General Meeting;
  - 1.2 the Exchange being effected; and
  - 1.3 the Distribution being declared by the Directors of the Company and duly paid.
- 2 The Cash Alternative is only available to Eligible Shareholders, that is Palmaris Shareholders each holding, in aggregate, 1,000,000 or fewer Ordinary Shares at the Distribution Record Time, as determined by the Company in its sole discretion having regard to the Palmaris Register. Eligible Shareholders who are Overseas Shareholders shall not, save with the consent of Waverton and Patersons Quarries in their sole discretion, be entitled to elect for the Cash Alternative. For the purposes of this document "Overseas Shareholders" means Palmaris Shareholders who are resident, citizen or national of any jurisdiction outside of the United Kingdom or who are nominees, guardians, custodians or trustees for residents, citizens or nationals of any jurisdiction outside of the United Kingdom.
- 3 Waverton and Patersons Quarries:
  - 3.1 will purchase entitlements under the Distribution of up to an aggregate of 20,000,000 Perseverance Ordinary Shares (in such proportions as shall be agreed between them) at the price of 5 pence per share from Eligible Shareholders validly accepting the Cash Alternative; and
  - 3.2 may, at their sole discretion, purchase such additional number of Perseverance Ordinary Shares at the price of 5 pence per share as are the subject of valid elections for the Cash Alternative by Eligible Shareholders.
- 4 In the event that valid elections for the Cash Alternative are received from Eligible Shareholders in respect of more than 20,000,000 Perseverance Ordinary Shares, then any additional Perseverance Ordinary Shares will first be offered to Waverton and Patersons Quarries, at their sole discretion, on the same terms as described above, and subsequently any remaining shares not also purchased by Waverton and Patersons Quarries will be sold on the ASX. The total funds obtained through the sale of these Perseverance Ordinary Shares will be confirmed and distributed to those Shareholders who elect for the Cash Alternative on a pro rata basis to the number of Perseverance Ordinary Shares each Shareholder presented for sale.
- 5 Election Forms which have been duly completed and received by the Registrars become irrevocable at such time as they are received.
- 6 Eligible Shareholders may only accept the Cash Alternative in respect of their full entitlement to Perseverance Ordinary Shares under the Distribution. Entitlements to receive Perseverance Ordinary Shares transferred by Eligible Shareholders pursuant to the Cash Alternative will be transferred with full title guarantee, fully paid and free from all liens, charges, equitable interests and encumbrances and with all rights (including, without limitation, any dividend rights) attaching to the same.
- 7 The Cash Alternative may only be accepted by an Eligible Shareholder returning an Election Form which has been duly completed in accordance with the instructions contained in this document and on the Election Form.
- 8 The Cash Alternative is capable of acceptance until 21 February 2007 (the "**Closing Date**"). Election Forms received by Capita Registrars after 4.30 p.m. on the Closing Date shall not constitute a valid acceptance of the Cash Alternative, save where Waverton and Patersons Quarries, in their sole discretion, agree otherwise. Waverton and Patersons Quarries, in their sole discretion, may specify a later Closing Date and shall specify such date (if any) by announcing it via the Regulatory News Service.
- 9 Each Eligible Shareholder by whom, or on whose behalf, an Election Form is executed, irrevocably undertakes, represents, warrants and agrees to and with the Company, Waverton and Patersons Quarries (so as to bind him or her, it or them and his, her, its or their personal representatives, heirs, successors and assigns) to the following effect:
  - 9.1 that the execution of an Election Form which purports to elect for the Cash Alternative shall constitute:
    - (i) an acceptance or deemed acceptance of the Cash Alternative;
    - (ii) an authority to the Company, Waverton and Patersons Quarries, or their agents, to execute any further documents and give any further assurances which may be required in connection with the transfer of any entitlement to receive Perseverance Ordinary Shares pursuant to the Distribution; and
    - (iii) a direction to the Company to pay to either or both of Waverton and Patersons Quarries (in such numbers as they may direct) all of the Perseverance Ordinary Shares comprised in the Eligible Shareholder's entitlement to participate in the Distribution.

9.2 that such Eligible Shareholder:

- (i) (a) has not received or sent copies or originals of this document, the Election Form or any related documents in or into or from the United States, Canada, Australia or Japan, has not utilised in connection with the Cash Alternative, directly or indirectly, the mails or any means of instrumentality (including, without limitation, by means of facsimile or electronic transmission, telephone or internet) of interstate or foreign commerce of, or any facilities of a securities exchange of, United States, Canada, Australia or Japan, (b) was outside the United States, Canada, Australia or Japan when the Election Form was delivered and at the time of accepting the Cash Alternative, and (c) is not an agent or fiduciary acting on a non-discretionary basis for a principal, unless such agent or fiduciary is an authorised employee of such principal or such principal has given all instructions with respect to the Cash Alternative from outside the United States, Canada, Australia or Japan;
- (ii) the Election Form has not been mailed or otherwise sent in or into or from the United States, Canada, Australia or Japan or signed in any of those jurisdictions and such shareholder is accepting the Cash Alternative from outside the United States, Canada, Australia and Japan; and
- (iii) if such Eligible Shareholder is a citizen, resident or national of a jurisdiction outside the United Kingdom, he has observed the laws of the relevant overseas jurisdiction, obtained all requisite governmental, exchange control and other required consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or other requisite payments due in any such jurisdiction in connection with such acceptance and he has not taken or omitted to take any action which will or may result in the Company or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Cash Alternative;

9.3 that the execution of the Election Form constitutes, subject to the Cash Alternative becoming unconditional in all respects in accordance with its terms, the irrevocable appointment of the Company, Waverton and Patersons Quarries and any of their respective directors and/or agents as such Eligible Shareholder's attorney and/or agent and an irrevocable instruction to the attorney and/or agent to complete and execute all or any form(s) of transfer and/or other document(s) at the discretion of the attorney and/or agent in relation to the Perseverance Ordinary Shares which are the subject of the election for the Cash Alternative in favour of Waverton or Patersons Quarries or such other person or persons as Waverton and Patersons Quarries or their respective agents may direct and to deliver such form(s) of transfer and/or other document(s) at the discretion of the attorney and/or agent together with the certificate(s) and/or other document(s) of title relating to such Perseverance Ordinary Shares for registration within six months of the Cash Alternative becoming unconditional in all respects and to complete, execute and do all such other documents, acts and things as may in the opinion of the attorney and/or agent be necessary or expedient for the purpose of, or in connection with, the acceptance of the Cash Alternative and to vest in Waverton or Patersons Quarries or such other persons or persons as aforesaid such Perseverance Ordinary Shares;

9.4 that the execution of the Election Form constitutes, subject to the Cash Alternative becoming unconditional in all respects a separate irrevocable authority and request to Perseverance or its agents to procure the registration of the Perseverance Ordinary Shares in respect of which the Cash Alternative has been accepted and the delivery of the share certificate(s) and/or other document(s) of title in respect thereof to Waverton and Patersons Quarries or as they may direct;

9.5 that, he, she, it or they accept the Cash Alternative and will do all such acts and things as shall be necessary or expedient to vest in Waverton, Patersons Quarries or their nominee(s) or such other persons as Waverton and Patersons Quarries may decide the Perseverance Ordinary Shares in respect of which the Cash Alternative has been accepted;

9.6 that he, she, it or they agree(s) to ratify each and every act which may be done or effected by the Company, Waverton and Patersons Quarries or any director of the Company, Waverton and Patersons Quarries or their agents or Perseverance or its agents, as the case may be, in the exercise of any of its or his, her, it or their powers and/or authorities hereunder;

9.7 that the execution of the Election Form constitutes his, her, its or their submission, in relation to all matters arising out of the Cash Alternative and the Election Form, to the jurisdiction of the courts of Scotland; and

9.8 that, on execution, the Election Form of Acceptance shall take effect as a deed.

## DEFINITIONS

The following definitions apply throughout this document and in the accompanying Proxy Form and (for smaller shareholders) Election Form, unless the context requires otherwise:

<b>Act</b>	the Companies Act 1985, as amended
<b>AIM</b>	a market operated by the London Stock Exchange plc
<b>AIM Rules</b>	the AIM rules as issued by the London Stock Exchange from time to time
<b>Annual General Meeting</b>	the annual general meeting of Palmaris held on 23 November 2006
<b>ASX</b>	Australian Stock Exchange
<b>Board of Directors or Directors</b>	the board of directors of Palmaris whose names are set out on page 2 of this document
<b>Certificated or in certificated form</b>	recorded on the Register as being held in certificated form, title to which may be transferred by means of a stock transfer form
<b>Cash Alternative</b>	the offer by Waverton and Patersons Quarries to acquire for cash certain Shareholders' rights to participate in the Distribution, further information on which is set out in Part I of this document
<b>CHESS</b>	the relevant system used by the Australian Stock Exchange for the electronic settlement of equities trades. The Clearing House Electronic Subregister System ("CHESS") is an electronic subregister that forms part of each Australian listed entity's principal register of securities and allows securities to be transferred without paper documentation
<b>City Code</b>	the City Code on Takeovers and Mergers
<b>CREST</b>	the relevant system (as defined in the CREST Regulations) in respect of which CRESTCo is the Operator (as defined in the CREST Regulations)
<b>CRESTCo</b>	CRESTCo Limited
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
<b>Distribution or dividend in specie</b>	the proposed dividend in specie of Palmaris' holding of 57,233,745 Perseverance Ordinary Shares to Palmaris Shareholders by way of a special dividend of the Perseverance Ordinary Shares on a <i>pro rata</i> basis, further information on which is set out in Part I of this document
<b>Distribution Record Time</b>	4.30 p.m. on 23 February 2007 (or such other time and date as the Directors (or any duly authorised committee of them) may determine), being the date on which Shareholders are required to be on the Register in order to be entitled to participate in the Distribution
<b>EGM Circular</b>	this document providing details of the Resolutions to be approved by Shareholders
<b>Election Form</b>	the enclosed blue form of election for use by UK resident Palmaris Shareholders who hold 1,000,000 or fewer Ordinary Shares at the Distribution Record Time and which relates to the Cash Alternative arrangements
<b>Eligible Shareholders</b>	Certain Palmaris Shareholders entitled to accept the Cash Alternative, subject to the terms and conditions set out in Appendix IV.

<b>Exchange</b>	the proposed cancellation of the Warrants in exchange for the issue to the Warrantholders of an aggregate of fully-paid Ordinary Shares, further information on which is set out in Part I of this document
<b>Extraordinary General Meeting or EGM</b>	the extraordinary general meeting of the Company which is to be held at 76 George Street on 19 February 2007 at 11.00 a.m., notice of which is set out at the end of this document, or any reconvened meeting following any adjournment thereof
<b>Independent Directors</b>	being Timothy P Noble (Chairman) and Peter MB Bucher (Non-executive Director)
<b>Noble</b>	Noble & Company Limited, authorised and regulated by the Financial Services Authority, of 76 George Street, Edinburgh, EH2 3BU
<b>Palmaris or the Company</b>	Palmaris Capital plc
<b>Ordinary Shares</b>	the Ordinary Shares of 5 pence each in the capital of the Company
<b>Palmaris Shareholders or Shareholders</b>	the holders of Ordinary Shares
<b>Patersons Quarries</b>	Patersons Quarries Limited
<b>Perseverance</b>	Perseverance Corporation Limited
<b>Perseverance Ordinary Shares</b>	ordinary shares in the capital of Perseverance
<b>Proposals</b>	the Distribution and the Exchange, further information on which is set out in Part I (the Chairman's Letter) of this document
<b>Proxy Form</b>	the enclosed white form of proxy for use by Palmaris Shareholders in connection with the Extraordinary General Meeting
<b>Register or Palmaris Register</b>	the register of members of the Company
<b>Registrar</b>	Capita Registrars of The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU
<b>Resolutions</b>	the resolutions set out in the notice of Extraordinary General Meeting at the end of this document
<b>Uncertificated or in uncertificated form</b>	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
<b>United Kingdom or UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>United States or US</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>Warrant Conversion Rate</b>	the proposed conversion rate of 100 Warrants into 72 Ordinary Shares
<b>Warrant Instrument</b>	the warrant instrument entered into by the Company on 8 May 2001
<b>Warrantholders</b>	the holders of the Warrants, namely Patersons Quarries and Waverton
<b>Warrants</b>	warrants over an aggregate of 35,540,000 Ordinary Shares, exercisable at 5p per share and expiring on 30 April 2011, granted under the Warrant Instrument
<b>Waverton</b>	Waverton Holdings Limited
<b>A\$</b>	Australian dollar, the lawful currency of Australia
<b>£ or Sterling</b>	pounds sterling, the lawful currency of the UK

## NOTICE OF EXTRAORDINARY GENERAL MEETING

### Palmaris Capital plc

*(Incorporated in Scotland with registered number SC108429)*

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of Palmaris Capital plc (the “**Company**”) will be held at 11.00 a.m. on 19 February 2007 at 76 George Street, Edinburgh EH2 3BU, for the purpose of considering and, if thought fit, passing the following resolutions, of which Resolutions 1, 2 and 3 will be proposed as ordinary resolutions and Resolution 4 will be proposed as a special resolution:

#### Ordinary Resolutions

1. THAT, subject to the passing of Resolutions 2, 3 and 4 set out in the notice convening this meeting:
  - (a) upon the recommendation of the Directors of the Company, a special dividend of £8,510,081 (the “**Dividend in specie**”) be declared on the ordinary shares of 5p each in the share capital of the Company (each an “**Ordinary Share**”), such dividend to be payable to those holders of Ordinary Shares who are on the register of members of the Company at the close of business on 23 February 2007 (the “**Distribution Record Time**”) (or such later time or date as the Directors of the Company may determine) and to be satisfied by the transfer to such holders of Ordinary Shares of an aggregate of up to 57,233,745 ordinary shares in the share capital of Perseverance Corporation Limited (each a “**Perseverance Ordinary Share**”) in the proportion of 0.367 Perseverance Ordinary Shares for each Ordinary Share then held by such Shareholders; and
  - (b) the Directors of the Company (or any duly authorised committee of them) be authorised (but not required) to do or procure to be done all such acts and things on behalf of the Company as they consider necessary, expedient or desirable in connection with the payment of the Dividend in specie.
2. THAT, subject to the passing of Resolutions 1, 3 and 4 set out in the notice convening this meeting, in addition to any existing authority under section 80 of the Companies Act 1985 (as amended) (the “**Act**”), the Directors of the Company be authorised pursuant to section 80 of the Act to exercise all of the powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) up to an aggregate nominal amount equal to £1,279,440, such authority to expire (unless previously renewed, varied or revoked by the Company in general meeting) on the first anniversary of the date on which this resolution is passed, provided that any exercise of this authority shall be limited to the allotment and issue of ordinary shares of 5p each in the share capital of the Company in satisfaction (in whole or in part) of any exercise of or in consideration for the cancellation or waiver of some or all of the Warrants to subscribe for Ordinary Shares in the share capital of the Company issued by the Company under the Warrant Instrument entered into by the Company on 8 May 2001.
3. THAT, subject to the passing of Resolutions 1, 2 and 4 set out in the notice convening this meeting:
  - (a) upon the recommendation of the Directors of the Company, the sum of £1,279,440 standing to the profit and loss account of the Company be capitalised to the Warrantholders to subscribe for Ordinary Shares in the share capital of the Company issued by the Company under the Warrant Instrument entered into by the Company on 8 May 2001 in such proportions (as between the holders of such Warrants) as the Directors of the Company may determine and in satisfaction (in whole or in part) of any exercise of or in consideration for the cancellation or waiver of some or all of such Warrants (the “**Exchange**”); and
  - (b) the Directors of the Company (or any duly authorised committee of them) be authorised (but not required) to do or procure to be done all such acts and things on behalf of the Company as they consider necessary, expedient or desirable in connection with the Exchange.

#### Special Resolution

4. THAT, subject to the passing of Resolutions 1, 2 and 3 set out in the notice convening this meeting, the articles of association of the Company be amended by inserting the following new article 141A between the existing article 141 and the existing article 142:

“141A The Company may in the circumstances referred to in the preceding Article 140 authorise the Directors to appropriate the amount resolved to be capitalised to the holders of any Warrants to subscribe for Ordinary Shares issued by the Company in such proportions (as between the holders of such Warrants) as the Directors may determine and in satisfaction (in whole or in part) of any exercise of or in consideration for the cancellation or waiver of some or all of such Warrants. Any such amount shall be applied in paying up in full unissued Ordinary Shares or debentures or other securities or obligations of the Company of a nominal amount equal to such profits or sum, such Ordinary Shares or debentures or other securities or obligations to be allotted and distributed credited as fully paid up to and amongst the holders of such

Warrants in such proportions aforesaid; provided that any share premium account and capital redemption reserve and any reserve or fund representing unrealised profits may be applied only hereunder in the paying up of unissued Ordinary Shares to be allotted as fully paid up.”

By order of the Board,  
Secretary

Registered office:  
Palmaris Capital plc  
Paterson Building  
Gartsherrie Road  
Coatbridge  
Lanarkshire, ML5 2EU

24 January 2007

**Notes:**

1. A member of the Company entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
2. To be valid a duly executed instrument of proxy (and any authority under which it is executed, or a copy of such authority certified notarially or in accordance with the Powers of Attorney Act 1971) must be deposited at the office of the Company’s registrars, Capita Registrars of The Registry, 34 Beckenham Road, Beckenham, Kent, BR3, 4TU by no later than 11.00 a.m. on 17 February 2007 or, if the meeting is adjourned, not less than 48 hours before the time appointed for the adjourned meeting.
3. A member of the Company wishing to appoint a proxy may use the form of proxy enclosed with this notice of extraordinary general meeting.
4. Completion, signature and submission of a form of proxy will not preclude a member of the Company entitled to attend and vote from attending and voting, in substitution for his/her proxy, should he/she so wish.
5. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the register of members of the Company as at 11.00 a.m. on 17 February 2007 or, in the event that the meeting is adjourned, in the register of members of the Company as at 6 p.m. on the second day immediately preceding the day of the adjourned meeting (or, if the adjourned meeting is to be held after 6 p.m., as at 48 hours before the time fixed for the adjourned meeting), shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 11.00 a.m. on 17 February 2007 or, in the event that the meeting is adjourned, after 6 p.m. on the second day immediately preceding the day of the adjourned meeting (or, if the adjourned meeting is to be held after 6 p.m., after the time that is 48 hours before the time fixed for the adjourned meeting), shall be disregarded in determining the rights of any person to attend and vote at the meeting.

**PALMARIS CAPITAL plc**  
**PROXY FORM**

I/We, (print name(s) and address(es))

being (a) member(s) of Palmaris Capital plc (“the Company”) hereby appoint the Chairman of the Meeting or (print name and address of proxy) <sup>1</sup>

as my/our Proxy to vote for me/us and on my/our behalf at the Extraordinary General Meeting of the Company to be held on 19 February 2007 at 11.00 a.m. and at any adjournment thereof.

*1 Members are entitled to appoint a proxy of their own choice. A proxy need not be a member of the Company. If desired the name of such proxy can be inserted in the space provided in this form and the words “the Chairman of the Meeting or” shall be deemed to be deleted. If no name is inserted in such space, the Chairman of the Meeting will act as proxy.*

The Proxy is given in respect of the following number of shares held by me/us in the Company:

2

*2 Insert the number of shares in respect of which the Proxy is given. If the number is not inserted, this form of proxy will be taken to have been given in respect of all shares registered in the name(s) of the member(s).*

The Proxy is to vote in respect of the resolutions as follows: <sup>3</sup>

	FOR	AGAINST
<b>ORDINARY RESOLUTIONS</b>		
<p>1. THAT, subject to the passing of Resolutions 2, 3 and 4 set out in the notice convening this meeting:</p> <p>(a) upon the recommendation of the Directors of the Company, a special dividend of £8,510,081 (the “<b>Dividend in specie</b>”) be declared on the ordinary shares of 5p each in the share capital of the Company (each an “<b>Ordinary Share</b>”), such dividend to be payable to those holders of Ordinary Shares who are on the register of members of the Company at the close of business on 23 February 2007 (the “<b>Distribution Record Date</b>”) (or such later time or date as the Directors of the Company may determine) and to be satisfied by the transfer to such holders of Ordinary Shares of an aggregate of up to <b>57,233,745</b> ordinary shares in the share capital of Perseverance Corporation Limited (each a “<b>Perseverance Ordinary Share</b>”) in the proportion of 0.367 Perseverance Ordinary Shares for each Ordinary Share then held by such Shareholders; and</p> <p>(b) the Directors of the Company (or any duly authorised committee of them) be authorised (but not required) to do or procure to be done all such acts and things on behalf of the Company as they consider necessary, expedient or desirable in connection with the payment of the Dividend in specie.</p>		
<p>2. THAT, subject to the passing of Resolutions 1, 3 and 4 set out in the notice convening this meeting, in addition to any existing authority under section 80 of the Companies Act 1985 (as amended) (the “<b>Act</b>”), the Directors of the Company be authorised pursuant to section 80 of the Act to exercise all of the powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) up to an aggregate nominal amount equal to £1,279,440, such authority to expire (unless previously renewed, varied or revoked by the Company in general meeting) on the first anniversary of the date on which this resolution is passed, provided that any exercise of this authority shall be limited to the allotment and issue of ordinary shares of 5p each in the share capital of the Company in satisfaction (in whole or in part) of any exercise of or in consideration for the cancellation or waiver of some or all of the Warrants to subscribe for Ordinary Shares in the share capital of the Company issued by the Company under the Warrant Instrument entered into by the Company on 8 May 2001.</p>		

<p>3. THAT, subject to the passing of Resolutions 1, 2 and 4 set out in the notice convening this meeting:</p> <p>(a) upon the recommendation of the Directors of the Company, the sum of £1,279,440 standing to the profit and loss account of the Company be capitalised to the Warrantheolders to subscribe for Ordinary Shares in the share capital of the Company issued by the Company under the Warrant Instrument entered into by the Company on 8 May 2001 in such proportions (as between the holders of such Warrants) as the Directors of the Company may determine and in satisfaction (in whole or in part) of any exercise of or in consideration for the cancellation or waiver of some or all of such Warrants (the “Exchange”); and</p> <p>(b) the Directors of the Company (or any duly authorised committee of them) be authorised (but not required) to do or procure to be done all such acts and things on behalf of the Company as they consider necessary, expedient or desirable in connection with the Exchange.</p>		
<b>SPECIAL RESOLUTION</b>		
<p>4. THAT, subject to the passing of Resolutions 1, 2 and 3 set out in the notice convening this meeting, the articles of association of the Company be amended by inserting the following new article 141A between the existing article 141 and the existing article 142:</p> <p>“141A The Company may in the circumstances referred to in the preceding Article 140 authorise the Directors to appropriate the amount resolved to be capitalised to the holders of any Warrants to subscribe for Ordinary Shares issued by the Company in such proportions (as between the holders of such Warrants) as the Directors may determine and in satisfaction (in whole or in part) of any exercise of or in consideration for the cancellation or waiver of some or all of such Warrants. Any such amount shall be applied in paying up in full unissued Ordinary Shares or debentures or other securities or obligations of the Company of a nominal amount equal to such profits or sum, such Ordinary Shares or debentures or other securities or obligations to be allotted and distributed credited as fully paid up to and amongst the holders of such Warrants in such proportions aforesaid; provided that any share premium account and capital redemption reserve and any reserve or fund representing unrealised profits may be applied only hereunder in the paying up of unissued Ordinary Shares to be allotted as fully paid up.”</p>		

- <sup>3</sup> *Instructions as to voting on the specified resolution should be indicated by an “X” in the appropriate space. In the absence of such instructions the Proxy will vote (or abstain from voting) as he or she thinks fit on the specified resolution.*

Signed

Date

2007

## NOTES

- To be valid this form of proxy together with the power of attorney or letter of authority under which it is signed (or a duly certified copy thereof) must be lodged as soon as possible at the offices of the Company’s registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU but in any event so as to be received no later than 11.00 a.m. on 17 February 2007, (being 48 hours prior to the time fixed for the meeting) or, in the case of an adjournment, as at 48 hours prior to the time of the adjourned meeting.
- Where the appointer is a corporation this form must be signed by either (1) two directors or (2) one director and the company secretary or (3) one director before a witness if incorporated in Scotland or under seal or under the hand of an officer or attorney duly authorised by the corporation if incorporated in England.
- In the case of joint holders, the signature of any one of them will suffice, but the names of all joint holders should be shown. The vote of the senior joint holder who tenders a vote in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which names stand in the register of members in respect of the shares.
- The Proxy will vote (or abstain from voting) as he or she thinks fit, on any other business which may properly come before the meeting.
- The person to whom this proxy is given need not be a member of the Company but must attend the meeting to represent you.



