

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document, you should immediately consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.**

Application has been made for the entire issued and to be issued ordinary share capital of Alba Mineral Resources Plc to be admitted to trading on the AIM Market of the London Stock Exchange ("AIM"). It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on 4 April 2005.

**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 UK Listing Authority. A prospective investor should be aware of the risks involved in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. London Stock Exchange plc has not itself examined or approved the contents of this Document.**

A copy of this Document, which comprises a prospectus drawn up in accordance with the Public Offers of Securities Regulations 1995 as amended (the "POS Regulations") and the rules of AIM (the "AIM Rules"), has been issued in connection with the application for admission to trading of the Ordinary Shares on AIM and has been delivered to the Registrar of Companies in England and Wales for registration in accordance with Regulation 4(2) of the POS Regulations.

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# Alba Mineral Resources Plc

*(incorporated in England and Wales under the Companies Act 1985 with registered number 5285814)*

## Placing of up to 20,000,000 new Ordinary Shares of 1 penny each at 5.25 pence per share and Admission to trading on AIM

### Nominated Adviser and Broker City Financial Associates Limited

#### ORDINARY SHARE CAPITAL ON ADMISSION

<i>Authorised</i>			<i>Issued and fully paid</i>	
Amount	Number		Amount up to	Number
£1,575,000	157,500,000	Ordinary Shares of 1p each	£590,626	59,062,600

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To the best of the knowledge and belief of the Directors (who have taken all reasonable care 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. The Directors, whose names are set out on page 3, accept responsibility accordingly, including individual and collective responsibility for compliance with the AIM Rules. In connection with this Document and/or the Placing, no person is authorised to give any information or make any representations other than as contained in this Document.

City Financial Associates Limited, which is regulated by the Financial Services Authority, is the Company's nominated adviser for the purpose of the AIM Rules. City Financial Associates Limited's responsibilities as the nominated adviser to the Company are owed solely to London Stock Exchange plc. City Financial Associates Limited has not authorised the contents of, or any part of, this Document and (without limiting the statutory rights of any person to whom this Document is issued) no liability whatsoever is accepted by City Financial Associates Limited for the accuracy of any information or opinions contained in this Document or for the omission of any material information for which the Company and its Directors are solely responsible. City Financial Associates Limited, which is authorised and regulated by the Financial Services Authority, is the Company's broker, is a member of the London Stock Exchange and is acting exclusively for the Company in connection with the Placing. City Financial Associates Limited will not be responsible to anyone other than the Company for providing the protections afforded to customers of City Financial Associates Limited or for advising any other person on the Placing and other arrangements described in this Document.

**This Document does not constitute an offer of, or solicitation of an offer to subscribe for or buy, Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation. In particular, this Document is not for distribution in or into the United States of America, Canada, Australia or Japan. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered directly or indirectly in or into the United States of America, Canada, Australia or Japan. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended).**

Copies of this Document will be available to the public free of charge at the offices of City Financial Associates Limited, 6 Laurence Pountney Hill, London EC4R 0BL during normal business hours on any weekday (excluding Saturdays and public holidays) from the date of this Document until one month from Admission.

**An investment in Alba Mineral Resources Plc is speculative. Your attention is drawn to the Risk Factors set out in Part II and the Competent Persons Report set out in part III of this Document.**

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## **DIRECTORS, SECRETARY AND ADVISERS**

### **Directors**

Lance Adrian Wingate O'Neill, *Chairman*  
Nigel John Duxbury, *Finance Director*  
Sandy Mackintosh Archibald, *Technical Director*  
Wilson Scott Robb, *Exploration Director*

All of:  
1st Floor  
46 Maddox Street  
London W1S 1QA

### **Company Secretary and Registered Office**

Nigel John Duxbury  
1st Floor  
46 Maddox Street  
London W1S 1QA

### **Nominated Adviser and Broker**

City Financial Associates Limited  
Pountney Hill House  
6 Laurence Pountney Hill  
London EC4R 0BL

### **Tax Adviser**

Smith & Williamson Limited  
No 1 Riding House Street  
London W1A 3AS

### **Auditors and Reporting Accountants**

Nexia Audit Limited  
No 1 Riding House Street  
London W1A 3AS

### **Solicitors to the Company and the Placing**

Memery Crystal  
44 Southampton Buildings  
London WC2A 1AP

### **Registrars**

Share Registrars Limited  
Craven House  
West Street  
Farnham  
Surrey GU9 7EN

## DEFINITIONS

The following terms apply in this document unless the context requires otherwise:

“Act”	the Companies Act 1985, as amended
“Admission”	admission of the Enlarged Share Capital to trading on AIM and such admission becoming effective in accordance with the AIM Rules
“AIM”	the market of that name operated by London Stock Exchange
“AIM Rules”	the rules for AIM companies published by London Stock Exchange from time to time
“Aurum”	Aurum Mineral Resources Limited
“Articles”	the Articles of Association of the Company
“Board” or “Directors”	the directors of the Company
“CFA”	City Financial Associates Limited
“Company” or “Alba”	Alba Mineral Resources Plc
“CREST”	the computerised settlement system operated by CRESTCo which facilitates the transfer of title to shares in uncertificated form
“CRESTCo”	CRESTCo Limited
“Document”	this document
“Enlarged Share Capital”	the 59,062,600 issued Ordinary Shares in issue assuming the Maximum Subscription has been reached
“Existing Ordinary Shares”	the 39,062,600 Ordinary Shares which are or will, on Admission, be in issue immediately prior to the proposed Placing including the Ordinary Shares referred to in paragraph 2.3 of Part V of this Document
“FSA”	the Financial Services Authority
“Group”	Alba Mineral Resources Plc and its wholly owned subsidiary Aurum Mineral Resources Limited
“ICTA”	the Income and Corporation Taxes Act 1988
“Insolvency Act”	the Insolvency Act 1986 (as amended)
“London Stock Exchange”	London Stock Exchange plc
“Maximum Subscription”	20,000,000 Placing Shares
“Minimum Subscription”	17,000,000 Placing Shares
“Ordinary Shares”	the ordinary shares of 1p each in the capital of the Company
“Placees”	those persons subscribing for the Placing Shares in the Placing at the Placing Price
“Placing”	the conditional placing of the Placing Shares as described in this Document, pursuant to the Placing Agreement

“Placing Agreement”	the conditional agreement dated 24 March 2005, between the Company (1), the Directors (2) and CFA (3) relating to the Placing, details of which are set out in paragraph 7.1 of Part V of this Document
“Placing Price”	5.25p per Ordinary Share
“Placing Shares”	up to 20,000,000 new Ordinary Shares to be issued pursuant to the Placing at the Placing Price
“POS Regulations”	the Public Offers of Securities Regulations 1995, as amended
“Share Exchange Agreement”	the agreement dated 4 March 2005, between the former shareholders of the Subsidiary and the Company pursuant to which the Company purchased the entire issued share capital of the Subsidiary, further details of which are set out in paragraph 7.4 of Part V of this Document
“Shareholders”	holders of Ordinary Shares in the Company
“Subsidiary” or “AMR”	Aurum Mineral Resources Limited, a company incorporated in the Republic of Ireland and a wholly owned subsidiary of Alba
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the FSA as the competent authority for listing in the UK
“Warrants”	the warrants to be issued to certain shareholders and CFA on Admission to subscribe for new Ordinary Shares, details of which are set out in paragraph 7.5 of Part V of this Document

## **PLACING STATISTICS**

Placing Price	5.25 pence
Number of Existing Ordinary Shares	39,062,600
Number of new Ordinary Shares being issued under the Placing	20,000,000
Number of new Ordinary Shares in issue following the Placing	59,062,600
Percentage of Enlarged Share Capital being placed	34 per cent.
Gross proceeds of the Placing	£1,050,000
Net proceeds of the Placing receivable by the Company	£850,000
Market Capitalisation following the Placing at the Placing Price	£3,100,787

*Note: The table above, together with all figures in this Document, assumes that the Maximum Subscription is placed except where otherwise indicated.*

## **EXPECTED TIMETABLE**

	2005
Admission and dealings commence in the Ordinary Shares on AIM	4 April
CREST accounts credited by	4 April
Dispatch of definitive share certificates by	18 April

# **PART I**

## **INFORMATION ON THE COMPANY**

### **Introduction**

Alba Mineral Resources Plc (Alba) proposes to raise a maximum of £1,050,000 (before expenses) by way of the Placing and to have its Ordinary Shares admitted to trading on AIM. The Group's strategy is to develop its existing gold, nickel and base metal projects and to investigate, acquire and advance further exploration properties, as identified elsewhere, in Scotland, the Republic of Ireland and other European countries.

### **Group structure**

The Company is the holding Company of AMR which it purchased on 4 March 2005 by way of a share for share exchange, further details of which are set out in paragraph 7.4 of part V of this Document.

AMR holds or has applied for exclusive rights to explore a portfolio of mineral exploration properties, primarily gold and nickel exploration projects in Scotland and Ireland, which are at different stages of development from conceptual exploration targets to more advanced drill ready projects. AMR is a private mineral exploration company incorporated in Ireland on 26 June 2003 funded to date by private investors.

### **Business strategy**

The Board has extensive mineral exploration experience and a strong corporate development track record. The Group intend to identify and acquire projects it believes have exploration potential, advancing, where appropriate, such new projects and each of the pre-existing projects in the Group's portfolio, by the design and execution of exploration programmes.

The Group believes that the funds raised through the Placing will enable the Group to pursue these activities and, in particular, take advanced projects to a stage where it should be able to determine whether they present a viable proposition for further detailed exploration. The Board will then consider entering into joint venture arrangements to fund further exploration activities. Alternatively, the Board may consider the outright sale of an exploration asset if it believes it would serve the best interests of the Company and its shareholders. If neither of these options are available, the Board anticipates that further funding will be required. In any event it is anticipated that further funding will be required to complete the eighteen month programmes referred to in the Competent Persons Report.

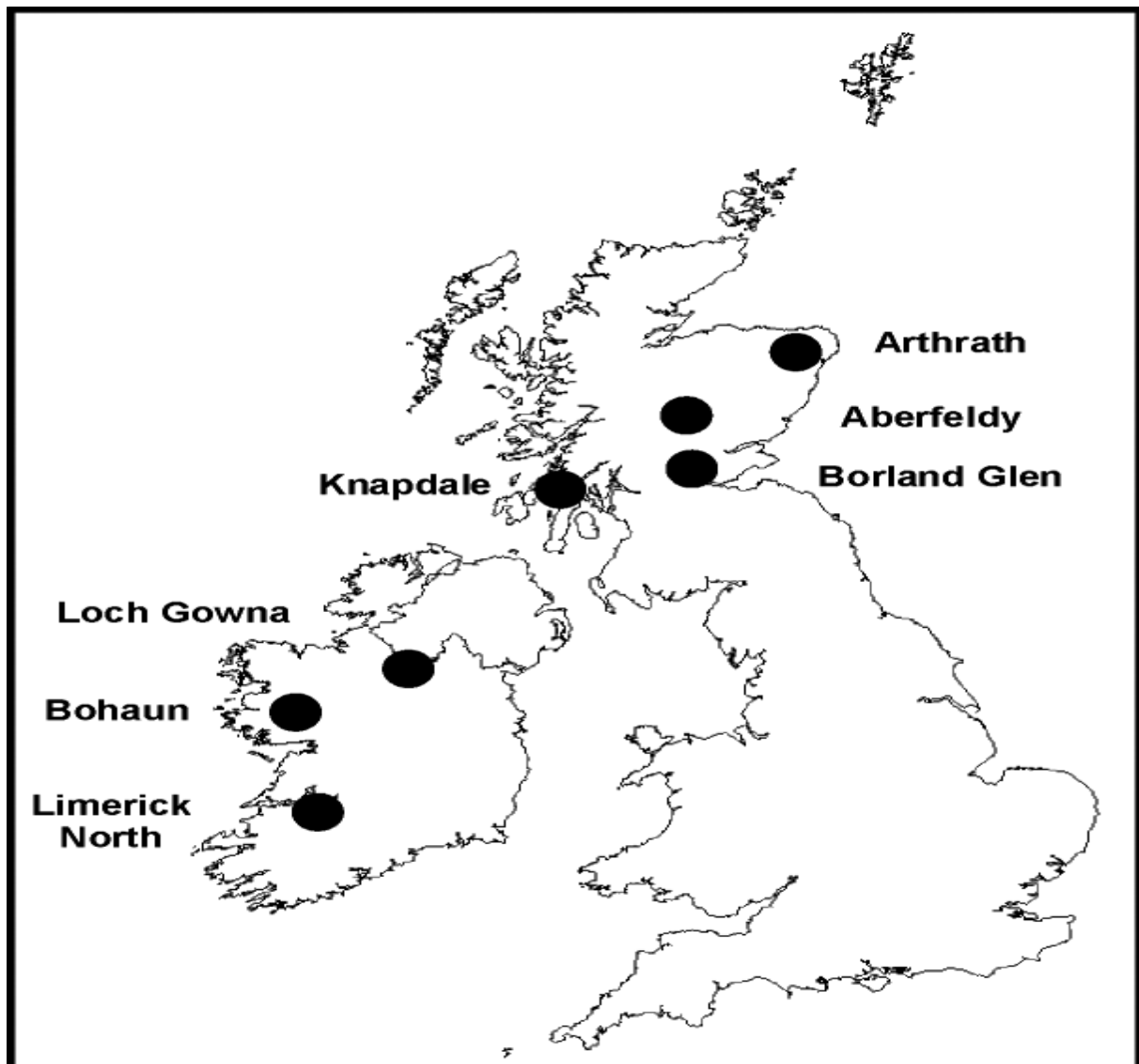
The Group currently has a number of projects at various stages of development. The most advanced of these projects are the Arthrath Nickel – Copper PGE and the Loch Tay mesothermal lode-gold projects, both located in Scotland, which currently represent a major part of the Group's potential. Both projects have been drill-tested in a preliminary fashion by previous explorers and are considered by the Directors to have significant potential. Other exploration targets are the Borland Glen epithermal and the Knapdale mesothermal lode-gold projects in Scotland and the Bohaun epithermal, North Limerick carbonate-hosted and Lough Gowna palaeoplacer gold projects in Ireland. These additional projects offer further scope for enhancing the Group's exploration portfolio.

### *Overview of the Projects*

The Group's mineral exploration portfolio consists primarily of gold and nickel exploration projects ranging from conceptual or regional exploration targets to more advanced drill ready projects, some of which have been evaluated by preliminary-phase drilling by previous operators. The projects in which the Group currently has an interest, or is in the process of acquiring an interest, are summarised below:

<i>Project &amp; Location</i>	<i>Principal Target Commodity</i>	<i>Summary Description</i>
Arthrath, Scotland	Nickel, Copper & PGE's	Advanced drilling target – magmatic sulphide
Loch Tay, Scotland	Gold	Advanced drilling target – mesothermal lode-gold veining
Knapdale, Scotland	Gold	Auriferous base-metal quartz vein targets
Borland Glen, Scotland	Gold	Epithermal gold mineralization target
Bohaun, Ireland	Gold	Extensive zone of silicified breccia
North Limerick, Ireland	Gold	Conceptual target – carbonate-hosted mineralization
Loch Gowna, Ireland	Gold	Preliminary-palaeoplacer gold target

The location of these projects are shown in the following map and the nature of the interest held by the Group in such projects is detailed in the Competent Persons Report as set out in Part III of this Document.





## **Competent Persons Report (“CPR”)**

The attention of investors is drawn to the full text of the Competent Persons Report (“CPR”) carried out by Irus Consulting. The above information has been drawn from this report and is set out in Part III of this Document.

## **Licensing Arrangements**

The following is a summary of the principal terms on which AMR has secured or is in the process of securing licences and agreements for the exploration of minerals in Ireland and Scotland. It should be emphasised that all such licences relate to access to land.

It should be noted that it is normal practice within the exploration industry to secure access to land with each landowner prior to commencing exploration programmes on any licences. Furthermore, the securing of access and conduction of mineral exploration under such licences is completed prior to application for any extraction licences or related permits.

Extraction will be subject to additional licences and consents, the granting of which cannot be guaranteed. Your attention is drawn to the CPR (Sections 2.1.3, 4 and Appendices I, II and VI) as well as the Risk Factors set out in Part II of this Document which further details these issues.

## **Scottish Mines Royal Licences**

### *Grant of Rights*

Exploration for precious metals in the UK has to be conducted under licences controlled by the Crown Estates Commissioner (“Mines Royal Licences”). Mines Royal Licences have not, at the date of this document, been granted by the Crown Estates Commissioner. AMR submitted applications to explore certain areas to the Crown Estates Commissioner, via Crown Mineral Agents Wardell-Armstrong, on 10 December 2003 as referred to in the CPR (Appendix III). The granting of the licences are pending the completion of a review of the licence application procedure in the United Kingdom for the Crown by the Crown Estate Commissioners.

## **Land Access and Mineral Rights Lease Agreements**

At Arthrath, Land Access and Mineral Rights Lease Agreements have been negotiated and executed between landowners and AMR in respect of eight separate areas granting exclusive rights to the prospecting and exploration of minerals for a fixed five year term and by reference to a particular area.

In consideration of the grant of prospecting and exploration rights, AMR pays to the licensor an annual fee, increasing each year through the term of the licence.

### *Obligations*

During the term of the licence, AMR agrees to indemnify the licensor against any third party costs arising in connection with its activities on the licensor’s land. AMR also agrees to comply with planning and health and safety obligations and to maintain adequate insurance cover in respect of employers’ liability and public liability.

### *Lease Option*

With the exception of the licence in respect of land at Ardganty near Ellon in Aberdeenshire, which provides for exploration only, the licences provide an undertaking from the licensor to enter into a lease with AMR on the following terms:

- (a) AMR will be granted the right to work and process all minerals, excluding gold and silver, within the area which is the subject of the lease;
- (b) the term of the lease will be 21 years, with rent payable half yearly from the commencement of the lease;
- (c) AMR will agree to comply with certain obligations; including to indemnify and compensate the landlord for any loss arising out of its works and to restore the leased area upon the expiry of the works; and
- (d) AMR will agree to pay to the landlord a percentage of the amounts received by AMR for the mineral product from the ore mined in the leased area.

## **Scottish Land Access Agreement**

AMR has also entered into a land access agreement pursuant to which it has been granted sole and exclusive rights of access, for a three year period, to explore for minerals within the delineated area of Mains of Dudwick, Ellon, Aberdeenshire. AMR pays an increasing prospecting fee in each year of the agreement.

## **Irish Prospecting Licences**

AMR has been granted prospecting licences in Ireland by the Exploration and Mining Division of the Department of Communication, Marine and Natural Resources (the “Department”) in respect of 24 separate areas.

### *Grant of Rights*

The licences grant to AMR the right to enter the licensed area for the purposes of evaluating mineral deposits, including limited analytical activities, such as the making of borings and the removal of reasonable quantities of minerals for analysis and experiment. The licences do not extend to the exploitation of the minerals deposits.

The licences are granted for a term of six years and are renewable subject to certain specified requirements. The licences require AMR to expend a minimum amount in respect of prospecting works in each two year period of the term of the licence.

### *Obligations*

Under the terms of the licences, AMR is required to carry out its prospecting activities in accordance with the directions of the Department as stated on the licence (e.g. to carry out geological mapping and/or geochemical sampling). AMR is also required to comply with good environmental and good prospecting practices and to maintain adequate public liability and employers’ liability insurance. AMR also agrees to indemnify the Department in respect of any third party claim arising out of the exercise or failure to exercise of the rights and obligations contained in the licence.

## **Directors**

### **Lance O’Neill (age 48), Chairman**

Lance O’Neill is a London-based director of DFB (Australia) Pty. Ltd, a Sydney based investment adviser. He is also chairman of EP&F Capital Plc, Ragusa Capital Plc and a director of MediaZest Plc, all of which are quoted on AIM. He has worked in international securities and investment markets since 1981. During this time, he spent over ten years based in London and Sydney with periodic work in the United States and the Far East, principally with Prudential-Bache Securities Inc., Societe Generale (Australia) Securities and Rivkin Securities Limited, working in institutional equity and fixed income sales/trading as well as in corporate finance. He is a director of, and investor in, a number of private and public companies in the UK, USA and Australia. He holds a Bsc (Econ) Hons in Accountancy and Law from the University of Wales and is an affiliate member of the Securities Institute of Australia.

### **Nigel Duxbury (age 45), Finance Director and Company Secretary**

Nigel Duxbury is currently a director of EP&F Capital Plc, Ragusa Capital Plc and MediaZest Plc, all of which are quoted on AIM, and has extensive experience both as a finance director and senior executive in small and large quoted and unquoted companies within Europe, Asia and the USA. He has a background in finance and accountancy, having qualified as a chartered accountant (ACA) with Touche Ross, London.

### **Dr. Sandy Archibald (age 34), Technical Director**

Sandy Archibald obtained a first-class honours geology degree from University of Glasgow in 1992, before undertaking an M.Sc. at Memorial University of Newfoundland. While in Newfoundland he carried out fieldwork in northern Labrador evaluating the Zn-Pb potential of Proterozoic rocks. He also worked as an exploration geologist for Newfoundland Goldbar Resources Inc. undertaking base metal and diamond exploration in northern Labrador.

In 2002, he completed a Ph.D. in economic geology at McGill University where his research focused on gold-silver mineralization associated with active geothermal systems. This included fieldwork in Colombia and Nicaragua, and research projects on the El Indo Au-Ag deposit in Chile, and the Toodoggone District in British Columbia.

In 2002, he co-founded Aurum Exploration Ltd, an Irish mineral exploration service provider.

He is also a founding shareholder and director of AMR, a wholly owned subsidiary of Alba. In his position at AMR he used his extensive academic and industrial knowledge to identify a variety of exploration targets.

**Mr. Wilson Robb (age 39), Exploration Director**

A graduate of the University of Glasgow (1992), Wilson Robb has a geological, managerial and entrepreneurial background, and has held various technical and managerial positions within the mineral exploration industry. With exposure to all main disciplines of mineral exploration, in conceptual, advanced and mine exploration environments, he has a proven track record of developing, executing and managing exploration programmes.

Wilson has 15 years of field and management experience in gold and base-metal exploration in Ireland and Scotland. Working with Navan Resources plc., he acted as a project geologist on several joint venture exploration programmes with Mount Isa Mines and Noranda and latterly held the position of Exploration Manager with Navan Resources plc working on a \$2.5 million joint venture base-metal exploration programme with Outokumpu Oy Plc. As a project geologist on the Outokumpu – Navan Resources base-metal exploration programme he successfully applied an innovative geochemical technique which directly resulted in the intersection of previously unknown and undetectable, base-metal mineralization (or associated alteration) at depths of up to 650m, later overseeing this techniques extension and application to base-metal exploration plays in the north midlands of Ireland near the world-class Tara Mine.

He is a founding shareholder and director of Aurum Exploration Ltd.

He is also a founding shareholder and director of AMR where, in association with Sandy Archibald, he has been involved with each of AMR's exploration projects from their conception.

**Future Non-Executive Director**

The Board recognises that as the Company expands its operations, it will in the interests of good corporate governance, consider appointing a non-executive director.

**Consultants and Advisers*****Aurum Exploration Ltd.***

Aurum has engaged the services of Aurum Exploration Ltd. ("AEX"), as the contract exploration services provider on exploration projects undertaken by the Group. AEX specialises in the provision of geological and data solutions to the mineral exploration industry. Wilson Robb and Sandy Archibald are both substantial shareholders and directors of AEX.

It is anticipated that a large part of the net Placing proceeds will be expended on consultancy services of the type provided by AEX.

***Dr. I. Kerr Anderson***

Aurum intends to engage the services of Dr. Kerr Anderson as special adviser, in relation to its Scottish and Irish projects.

Dr. Anderson is a graduate of Glasgow University. He holds a PhD from Strathclyde University completed on base-metal mineralization at the world-class Navan Zn-Pb deposit in the Republic of Ireland. Dr. Anderson has twenty years of technical and managerial experience in mine and project/regional exploration, working on projects in Ireland, Scotland, the Iberian Peninsula, North Africa and Eastern Europe. He has project management experience in base-metal (SEDEX, Irish-type and volcanogenic) and epithermal gold exploration projects within a broad variety of geological and geographical environments. He has held senior management positions with publicly quoted exploration and mining companies including Navan Resources plc and is presently Managing Director of Ormonde Mining plc.

**Financial information**

The attention of investors is drawn to the financial information which is set out in Part IV of this document.

**Use of proceeds**

The proceeds of the Placing will be used to provide the funds needed by the Group to provide working capital for the Group's initial operations in line with its business strategy.

**Employee share options**

There will be no share option scheme(s) in place on Admission but in order to incentivise management and key employees of the Company and the Directors and/or employees of any company or business that is subsequently acquired by the Company, the Directors intend to consider adopting a share option scheme at the appropriate time.

### **Reasons for and details of the Placing**

The Company is raising up to £1,050,000 (before expenses) through the placing of 20,000,000 Placing Shares at the Placing Price with investors which will represent approximately 34 per cent. of the Enlarged Share Capital.

All of the Directors are participating in the Placing.

The net proceeds of the Placing are estimated to be £850,000.

The Placing, the terms of which are governed by the Placing Agreement, is conditional, inter alia, on Admission and raising the Minimum Subscription by 29 March 2005 or such later date, being not later than 29 April 2005, as CFA and the Company shall agree. Admission is expected to occur on 4 April 2005.

Further details of the Placing Agreement are set out in paragraph 7.1 of Part V of this Document.

### **Warrants**

The Company has, subject to Admission, granted the Warrants. Each Warrant will entitle the holder to subscribe for one Ordinary Share at the Placing Price during the period from the date falling seven days after the announcement of the Company's preliminary results for the period ended 30 November 2005 and ending on the tenth anniversary of Admission. Further details of the Warrants are set out in paragraph 7.5 of Part V of this Document.

The Company does not intend to apply for any of the Warrants to be admitted to trading on AIM.

Details of the Warrants to be granted on Admission are set out below

<i>Warrant Holder</i>	<i>Number of Warrants</i>
Directors	9,681,250
Other shareholders	9,850,000
CFA	500,000

### **Corporate Governance and Internal Controls**

The Directors recognise the importance of sound corporate governance whilst taking into account the size and financial resources of the Company. As the Company grows, the Directors intend to develop policies and procedures that reflect the principles of good governance contained in the Combined Code on Corporate Governance published by the Financial Reporting Council (commonly known as the "Combined Code"), to the extent that they are appropriate to the size of the Company. In particular the Directors will consider appointing an independent non-executive director at an appropriate stage of the Company's development.

The Directors will comply with Rule 19 of the AIM Rules relating to Directors' dealings and will take all reasonable steps to ensure compliance by the Company's applicable employees as well.

### **Dividend policy**

It is the intention of the Directors to aim for capital growth. It is, therefore, inappropriate to give an indication at this stage of the likely level of future dividends.

### **Taxation**

Further information regarding taxation in relation to the Placing and Admission is set out in paragraph 10 of Part V of this Document. If you are in any doubt as to your tax position you should consult your own independent financial adviser immediately.

### **Admission to trading on AIM**

The Company has applied for all of the Enlarged Share Capital to be admitted to trading on AIM. Dealings in the Ordinary Shares are expected to commence on 4 April 2005.

### **CREST**

The Articles permit the Company to issue shares in un-certificated form in accordance with the Uncertificated Securities Regulations 2001. Application has been made for the Ordinary Shares to be admitted to CREST upon Admission.

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

The acquisition of Ordinary Shares and/or the exercise of Warrants could give rise to certain considerations under the City Code on Takeovers and Mergers (“City Code”).

Under Rule 9 of the City Code, where (i) any person acquires shares, which taken together with shares already held by him or shares held or acquired by persons acting in concert with him, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code (which includes the Company) or (ii) any person, together with persons acting in concert with him, holds shares carrying not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company subject to the City Code and such person, or persons acting in concert with him, acquires any additional shares which increase that person’s percentage of voting rights, that person is normally required to make a general offer to all other shareholders to acquire for cash the remaining shares in that company at not less than the highest price paid by him or any persons acting in concert with him within the preceding twelve months.

Where the exercise of Warrants causes an individual (or group of shareholders acting in concert with an individual) to increase the voting rights they control to 30 per cent. or more of the voting rights (or, if that individual or group of shareholders already control between 30 per cent. and 50 per cent. of the voting rights and the exercise of Warrants causes them to increase the percentage of voting rights which they control), Rule 9 of the City Code would require such shareholder(s) to make an offer unless, with the consent of the Panel, the independent shareholders vote in favour of a waiver of the obligation to make such an offer.

**Any shareholder or any shareholders who are members of a concert party, as defined by the City Code, who believe they will or might have an interest in 30 per cent. or more of the issued share capital of the Company if they acquire further shares or following the exercise of their Warrants should consult with their own adviser prior to purchasing further shares or exercising any Warrants.**

If any person, together with persons acting in concert with him, holds shares carrying more than 50 per cent. of a company’s voting rights, then such a person can generally acquire further shares without triggering a requirement to make an offer for all of the shares in the Company.

## **PART II**

### **RISK FACTORS**

**The exploration and development of natural resources are speculative activities that involve a high degree of financial risk. The risk factors which should be taken into account in assessing the Group's activities and an investment in the Company include, but are not necessarily limited to, those set out below. Any one or more of these risks could have a material adverse effect on the value of any investment in the Group and the business, financial position or operating results of the Company and should be taken into account in assessing the Group's activities. The risks noted below do not necessarily comprise all those faced by the Group and are not intended to be presented in any assumed order of priority.**

#### **Exploration and development**

The exploration and development of mineral deposits involves significant financial risks over a prolonged period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mineral structure may result in substantial rewards, few properties that are explored are ultimately developed into economically viable operating mines. Major expenditure may be required to establish reserves by drilling and in constructing mining and processing facilities at a site, and it is possible that even preliminary due diligence will show adverse results, leading to the abandonment of projects. It is impossible to ensure that preliminary feasibility studies or full feasibility studies on the Group's projects or the current or proposed exploration programmes on any of the properties in which the Group has exploration rights will result in a profitable commercial mining operation.

#### **Exploration and processing risks and uninsured risks**

The Group's operations are subject to all of the hazards and risks normally incidental to the exploration, development and production of precious metals, base metals and other minerals, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all such damage caused. The Group's activities may be subject to prolonged disruptions due to weather conditions depending on the location of operations in which the Company has interests. Hazards, such as unusual or unexpected formations, rock bursts, pressures, cave-ins, flooding or other conditions may be encountered in either the drilling and/or removal of material.

While the Group may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or that certain risks could be excluded from coverage. There are also risks against which the Company cannot insure against or which it may elect not to insure against. The potential costs that could be associated with any liabilities not covered by insurance which may be, but is not, taken out or in excess of insurance coverage actually taken out may cause substantial delays and require significant capital outlays, adversely affecting the Company's earning and competitive position in the future and, potentially, its financial position. In addition, the potential costs that could be associated with compliance with applicable laws and regulations may also cause substantial delays and require significant capital outlays, adversely affecting the Company's earning and competitive position in the future and, potentially, its financial position.

#### **Exploration, mining and processing licences**

The Group's exploration, mining and processing activities are dependent upon the grant of appropriate licences, concessions, leases, permits, regulatory consents and access consents, which may be refused, withdrawn or made subject to limitations. There is no guarantee that, upon completion of any exploration, a mining lease or licence will be granted with respect to any exploration territory. There can also be no assurance that any exploration licence will be renewed or if so, on what terms.

These licences place a range of past, current and future obligations on the Company. In some cases there could be adverse consequences for breach of these obligations, ranging from penalties to, in extreme cases, suspension or termination of the relevant licence or related contract.

Although the Group has obtained warranties from Scottish landowners that they have mineral title, no independent verification of this has been carried out as at the date of this Document.

#### **Expansion targets and operational delays**

The Group plans to develop its properties, if warranted. However, there can be no assurance that it will be able to complete the planned development on time or to budget, or that the current personnel, systems, procedures and controls will be adequate to support the Group's operations. Any failure of management to identify problems at an early stage could have an adverse impact on the Group's financial performance.



**Resource estimates**

The figures for resources presented in this document are estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realised. Moreover, short-term operating factors relating to ore reserves and resources, such as the need for orderly development of an ore body or the processing of new or different ore grades, may cause a mining operation to be unprofitable in any particular accounting period.

**Precious metal and base metal prices**

The profitability of any precious or base metal mining operation in which the Group has an interest could be significantly affected by changes in the market price of precious and base metals. Precious and base metal prices fluctuate on a daily basis and are affected by numerous factors beyond the Group's control. The level of interest rates, the rate of inflation, world supply of precious and base metals and stability of exchange rates can all cause significant fluctuations in precious and base metal prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of precious and base metals has historically fluctuated widely and future serious price declines could cause commercial production to be uneconomic. Depending on the price of precious or base metals, cash flow from mining operations may not be sufficient. If, as a result of a decline in precious or base metal prices, revenues from metal sales were to fall below cash operating costs, production if started, might be discontinued.

**Limited operating history**

The Group has no properties producing positive cash flow and its ultimate success will depend on its ability to raise capital for the execution of exploration programs and generate cash flow from producing properties in the future. The Group has not earned profits to date and there is no assurance that it will do so in the future. A portion of the Group's activities will be directed to the search for and the development of new mineral deposits. Significant capital investment will be required to achieve commercial production from the Group's projects and from successful exploration efforts. There is no assurance that the Group will be able to raise the required funds to continue these activities.

**Key personnel**

The Group relies on a limited number of key employees. However, there is no assurance that the Group will be able to retain such key executives or other senior management. If such personnel do not remain active in the Group's business, its operations could be adversely affected.

**Regulatory approvals**

The operations of the Group and the exploration agreements which it has entered into require approvals, licences and permits from various regulatory authorities, governmental and otherwise (including project specific governmental decrees). The Directors believe that the Group holds or will obtain all necessary approvals, licences and permits under applicable laws and regulations in respect of its main projects and believes that it is presently complying in all material respects with the terms of such approvals, licences and permits. However, such approvals, licences and permits are subject to change in various circumstances and further project specific governmental decrees and/or legislative enactments may be required. There can be no guarantee that the Group will be able to obtain or maintain all necessary approvals, licences and permits that may be required and/or that all project specific governmental decrees and/or required legislative enactments will be forthcoming to explore and develop the properties on which it has exploration rights, to commence construction or operation of mining facilities, to export and sell metals and concentrates or to maintain continued operations that economically justify the costs involved.

**Environmental factors**

The Group's operations generally, are subject to environmental regulation in all the jurisdictions in which the Group operates. Such regulation covers a wide variety of matters, including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and health and safety. The Group may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. Environmental legislation and permitting requirements are likely to evolve in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for

companies and their directors and employees. In addition to environmental regulation, various discretionary government approvals will be required in order to place a mining project into production. In recent years a number of mining projects have been stopped due to intense lobbying and protests initiated by either local or international environmental groups. Such occurrences represent a serious risk to the Group.

### **Competition**

The mineral exploration and mining business is competitive in all of its phases. The Group competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Group, in the search for and acquisition of exploration and development rights on attractive mineral properties. The Group's ability to acquire exploration and development rights on properties in the future will depend not only on its ability to develop the properties on which it currently has exploration and development rights, but also on its ability to select and acquire exploration and development rights on suitable properties for exploration and development. There is no assurance that the Group will continue to be able to compete successfully with its competitors in acquiring exploration and development rights on such properties.

### **Areas of investment risk**

The share prices of publicly quoted companies can be volatile. The price of shares is dependent upon a number of factors some of which are general or market or sector specific and others that are specific to the Group.

It is the intention that the Company's shares will not be listed on the Official List of the UK Listing Authority and although application has been made for the Company's shares to be traded on AIM, this should not be taken as implying that there will always be a liquid market in them. In addition, the market for shares in smaller public companies is generally less liquid than for larger public companies. Therefore an investment in the Company's shares may be difficult to realise and the share price may be subject to greater fluctuations than might otherwise be the case. An investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List. AIM has been in existence since June 1995 but its future success and liquidity in the market for the Company's shares cannot be guaranteed. Investors should be aware that the value of the Company's shares may be volatile and may go down as well as up and investors may therefore not recover their original investment.

The market price of the Company's shares may not reflect the underlying value of the Company's net assets. The price at which investors may dispose of their Ordinary Shares may be influenced by a number of factors, some of which may pertain to the Company and others of which may be extraneous. On any disposal of their shares investors may realise less than the original amount invested.

### **Market perception**

Market perception of small mining exploration companies may change in a way which could adversely impact on the value of investors' holdings and the ability of the Company to raise further funds by issue of further shares in the Company.

### **Economic, political, judicial, administrative, taxation or other regulatory factors**

The Group may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, in the areas in which the Group will operate and holds its major assets, as well as other unforeseen matters.

**The investment offered in this document may not be suitable for all of its recipients. Investors are accordingly advised to consult an investment adviser authorised under the Financial Services and Markets Act 2000 who specialises in investments of this kind before making their decision.**



**PART III**  
**COMPETENT PERSON'S REPORT**



***Competent Person's Report***

Prepared for

**Aurum Mineral Resources Limited**

11 March, 2005

IRI404

Prepared by:  
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Principal

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## GLOSSARY

### **Airborne EM/Airborne magnetics**

A geophysical survey method in which an aircraft, using an induced electric current, measures variations in the local electromagnetic field of the earth below.

### **Amphibolization**

A process where mafic or ultramafic igneous rocks are metamorphosed.

### **Andesite**

A volcanic rock common in island arcs and mountain ranges.

### **Anomaly**

Any departure from the norm, relating to geochemistry or geophysics, which may indicate the presence of mineralization in the underlying or nearby bedrock.

### **Anorogenic**

A geologic process that does not take place during a period of mountain building.

### **Arsenopyrite**

An arsenic-bearing sulphide mineral (FeAsS).

### **Assay**

A chemical test performed on a sample of ores or minerals to determine the amount of a particular element or valuable metals contained.

### **Base metal**

Any non-precious metal (e.g., copper, lead, zinc, nickel).

### **Bedrock**

Solid underlying surficial deposits.

### **Breccia**

Rock containing angular fragments enclosed in a matrix.

### **Caledonian**

A geologic event/time period during which the Caledonide mountains of Scotland and their Irish, Scandinavian, and North American equivalents were formed approximately 440-360 Million years ago.

### **Carbonate**

A group of minerals, all containing the carbonate radical ( $\text{CO}_3$ ), e.g, calcite ( $\text{CaCO}_3$ ).

### **Chalcopyrite**

Copper-bearing sulphide mineral ( $\text{CuFeS}_2$ ). Mined as one of the primary ore minerals of copper.

### **Cinnabar**

Mercury sulphide mineral ( $\text{HgS}$ ).

### **Clastic**

A sedimentary rock made up of particles (clasts) eroded from other rocks. Particle sizes may range from fine clay to boulders.

### **Collar**

Surface manifestation of a drill hole.

**Competent**

Rock that due to its physical and geological characteristics, is capable of sustaining openings with a minimum of structural support.

**Concentrate**

The product of ore processing, in which the metal bearing ore minerals have been separated from the waste rock.

**Conglomerate**

A sedimentary rock containing abundant pebbles, gravel, or boulders. Often deposited in stream or river environments.

**Contact facies**

A zone of thermally metamorphosed rocks surrounding an igneous intrusive.

**Country rock**

The rock hosting/immediately adjacent to a mineralized body.

**Crown**

Pertaining to the Sovereign or State.

**Cumulates**

Igneous rock where large crystals have separated into distinct mineral zones or layers.

**Dalradian**

A group of metamorphosed sedimentary and igneous rocks in Scotland ranging in approximate age from 800 million to 500 million years.

**Dilution**

The contamination of ore with barren wall rock typically during mining.

**Dip**

The angle of inclination of a rock body measured as degrees from the horizontal.

**Disseminated**

Widely dispersed minerals in a rock body.

**Dolomitization**

An alteration process in which magnesium bearing carbonate, by way of hot hydrothermal fluids, is introduced into a rock body.

**Down-dip**

Parallel to, or in the general direction of the dip of, the stratum, vein seam or bed.

**Down-throw**

The amount of downward offset on the down-dropped side of a fault.

**Drillhole**

A circular hole drilled in rock to obtain a rock (core) sample.

**Dunite**

An intrusive ultramafic igneous rock composed almost exclusively of olivine.

**Dyke**

An elongate igneous intrusive rock that crosscuts the local geology.

**Economic**

In reference to ore deposits, refers to a mineralized body that can be mined at a profit.

**Electrum**

A naturally occurring alloy of gold and silver.

**Extrusive**

Volcanic material ejected or extruded onto the surface of the earth.

**Fault**

A break in the earth's crust, in which the two sides have moved relative to one another.

**Feldspar**

Silicate mineral containing variable amounts of calcium, sodium, potassium and aluminium.

**Felsite**

A typically fine grained igneous rock containing abundant quartz and feldspar.

**Float**

Residual pieces of bedrock found on the surface. Can be indicative of underlying bedrock geology.

**Fluvio-glacial**

Surficial material deposited by the action of glaciers and their melt waters.

**Friable**

Easily crumbled.

**g/t**

Grammes per tonne.

**Gabbro**

An intrusive mafic igneous rock containing abundant plagioclase feldspar, olivine, and pyroxene.

**Galena**

Lead bearing sulphide mineral (PbS). Mined as the primary ore of lead.

**Garnet-grade metamorphism**

The addition of significant heat and pressure to aluminium-rich rock, with the result the mineral garnet may form.

**Genetic model**

A theoretical model explaining the genesis (formation) of an ore deposit.

**Geochemical**

Chemical compositions related to the geology of an area or sample.

**Geophysical**

Properties related to the geology of an area or sample based on magnetism, conductivity and gravity measurements.

**Gossanous**

Texture of pitted, rusty colored iron-oxides left behind after surficial weathering of a sulphide body.

**Grab sample**

A non-systematic hand sample that is grabbed from a piece of promising looking mineralization.

**Grade**

The amount of metal contained in a rock.

**Granite**

A coarse-grained silica-rich igneous intrusive rock containing abundant quartz and feldspar.

**Granodiorite**

An intrusive rock like granite, but containing a high proportion of plagioclase feldspar and mafic minerals.

**Grassroots**

Mineral exploration in an area where no previous mineral exploration has been attempted.

**Hanging wall**

A mass or block situated above an inclined fault or mineral body.

**Hornfels**

Thermally metamorphosed rock close to an intrusive igneous rock body.

**Hydrothermal**

Aqueous fluid (often mineralized) with elevated temperature often derived from magmatic processes.

**Igneous**

Originating from a molten state.

**Induced polarization**

Geophysical survey method in which an electrical charge is sent into the ground, with the resultant special variation in measurements indicating likely areas of possible mineralization.

**Intrusive**

An injection of magma into existing country rock. Rather than reaching the surface, the magma cools and solidifies in place.

**Laccolith**

A bowl shaped igneous intrusion.

**Lithic**

A term referring to a rock material.

**Low-sulphidation**

Ore deposition system in which target metal (usually gold) is associated with a minimal amount of sulphide minerals.

**Mafic**

Descriptive of rocks composed dominantly of magnesium and iron forming silicates. Examples include basalt and gabbro.

**Magma**

Molten rock.

**Magmatic**

Processes involving magma.

**Magnetometer**

An instrument used to measure variations in the earth's magnetic field.

**Massive sulphide**

Rock in which sulphide minerals account for greater than 40% of the total volume.

**Matrix**

The occurrence in a rock of small-grained materials that form a network in the spaces between larger-grained materials.

**Metamorphism**

The mineralogical, structural and chemical changes induced within solid rock through the actions of heat, pressure or the introduction of new chemicals.

**Meta-basics**

Metamorphosed mafic igneous rocks.

**Meta-sedimentary**

Metamorphosed sedimentary rocks.

**Mesothermal**

An environment of mineral formation situated at considerable depth within the Earth's crust where temperature lies in the range of 200 to 300°C.

**Metallurgical**

Ore processing term referring to the process of extracting metal from the ore minerals.

**Milling**

Grinding of the ore to a smaller size.

**Mineralization**

Any anomalous concentration of metal or ore minerals in a body of rock.

**Neoproterozoic**

Geologic time roughly between 1000 and 544 million years ago.

**Network sulphide**

Sulphide minerals in a rock that are connected or networked to one another.

**Norite**

A coarse-grained mafic igneous rock similar to gabbro, but containing more pyroxene.

**NSR**

Net Smelter Return - payment by a smelter to a provider of ore based on the recovered value less transportation and smelting and refining charges.

**Olivine**

An iron-magnesium bearing silicate mineral commonly found in gabbros and other mafic rocks.

**Olivine gabbro**

A gabbro with an elevated concentration of olivine.

**Option**

The exclusive right, usually obtained for a fee, to buy or sell something within a specified time at a set price.

**Outcrop**

An exposure of bedrock at surface.



**Overburden**

Soil and other loosely consolidated material that overlies bedrock.

**Passive margin**

A margin of a geologic plate that is not being subjected to mountain building processes.

**Pelite**

A fine-grained aluminous rock formed by the sedimentary deposition of clay and silt.

**Pentlandite**

A nickel and iron bearing sulphide mineral. Mined as the principle ore mineral of nickel.

**Picrite**

A generic term for coarse-grained ultramafic rocks.

**PGE**

Platinum Group Elements, i.e., platinum, palladium, rhodium, iridium, osmium and ruthenium.

**PGM**

Platinum Group Minerals. These are minerals that include platinum group elements as a major component.

**Platinoid**

A metal chemically resembling platinum, especially osmium, iridium, or palladium.

**Porphyry**

An igneous intrusive rock containing both fine and coarse grained crystals. Usually indicative of emplacement.

**ppb**

Parts per billion.

**ppm**

Parts per million.

**Proterozoic**

Era of geologic time spanning approximately 2700 to 540 million years ago.

**Pyrite**

An iron sulphide mineral ( $\text{FeS}_2$ ).

**Pyroclastic**

An igneous volcanic rock typically deposited during explosive volcanism.

**Pyrrhotite**

An iron sulphide mineral commonly found in association with nickel-copper-platinum group element deposits.

**Quartz**

A common mineral composed entirely of silica ( $\text{SiO}_2$ ).

**Quartzitic**

A metamorphosed sandstone composed almost entirely of quartz.

**Schist**

A metamorphic rock of variable composition in which the elongate or platy minerals are arranged into a preferred orientation.

**Semi-pelite**

A metamorphosed sedimentary rock equivalent to a quartz-rich mudstone.

**Sphalerite**

A zinc sulphide mineral (ZnS). The primary ore mineral of zinc.

**Shear**

A fault that forms during high heat and pressure conditions, giving rise to plastic, rather than brittle deformation.

**Silica**

The building block of most common minerals near the earth's surface. Chemical formula of  $\text{SiO}_2$ .

**Silicate**

Silicon dioxide,  $\text{SiO}_2$ .

**Silicified**

An alteration product in which additional silica has been introduced to a rock, usually in the form of quartz veins.

**Siliceous**

Silica-rich.

**Silurian**

The geologic time period from 443 to 417 million years ago.

**Sill**

A flat-lying igneous body typically intruding between the bedding planes of sedimentary rocks. May be connected to a feeder dyke.

**Southern Highland Group**

A group of sedimentary rocks in Scotland that form the later part of the Dalradian supergroup. Deposited between approximately 590 and 509 million years ago.

**Strike**

The course or bearing of a bed or layer of rock.

**Stockwork**

A network of closely spaced small fractures in a rock body, usually filled by quartz and calcite and sometimes economic minerals.

**Sub-crop**

Bedrock which is covered by thin overburden.

**Sub-massive sulphide**

Sulphide that composes 25-50% of the volume of a rock.

**Sulphide**

A mineral compound characterized by the linkage of sulphur and metal.

**Taxitic**

Widely variable texture in mafic or ultramafic rocks. Over the scale of centimeters, grain sizes can range from fine to very coarse. Xenoliths are often a common component of taxitic texture.

**Tectonic**

Of, pertaining to, or designating the rock structure and external forms resulting from the deformation of the earth's crust.

**Tholeiite**

A type of iron and magnesium rich mafic magma.

**Thrust**

A type of fault in which one rock body is pushed up over the top of another at a low angle.

**Troctolite**

A coarse-grained mafic igneous rock composed exclusively of plagioclase feldspar and olivine.

**Ultramafic**

A mafic magma containing very high levels of iron and magnesium silicates and virtually no quartz or feldspar.

**Unconformity**

An erosion or missing time surface in a stratigraphic sequence.

**Upper Argyll Group**

A group of sedimentary rocks in Scotland that form the middle part of the Dalradian supergroup. Deposited between approximately 700 and 590 million years ago.

**Volcanic arc**

A chain of volcanoes formed as a result of melting due to one tectonic plate being pushed beneath another.

**Volcanoclastic**

Pertaining to clastic rock containing volcanic material.

**Xenolith**

A fragment of older foreign rock contained within a completely different rock body.



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11 March 2005

Dear Sirs

## **1. INTRODUCTION AND TERMS OF REFERENCE**

### **1.1. Purpose of report**

Aurum Mineral Resources (AMR) is a private mineral exploration company incorporated in Ireland on 26 June 2003. AMR has been funded to date with seed capital from private investors.

Irus Consulting (Irus) has prepared this independent *Competent Person's Report* (CPR) in response to instructions from the Directors of AMR, under the terms of a *Professional Services Agreement* dated 14 December 2004. Irus understands that this CPR is prepared for inclusion in the admission document ("Prospectus") to be published by Alba Mineral Resources (Alba) in connection with its acquisition of Aurum Mineral Resources Ltd (AMR) and its admission to trading on AIM. This report may in all or in part form part or be referred to in any prospectus or offer document to be published by Alba.

This CPR consists of descriptions and technical assessments of AMR's mineral assets that are primarily gold and nickel exploration projects. The mineral assets range from grassroots or conceptual exploration projects to more advanced projects, which were previously evaluated by preliminary-phase drill-testing. As a consequence, under the various mineral asset headings, this report includes: descriptions of location, access, geology and tectonic-structural settings; consideration of land status, prospectivity, evaluation of the efficacy of the various exploration models proposed; technical competency of the management, appropriateness of the various exploration programmes and associated budgets proposed and identification of project risks and opportunities.

### **1.2. Mineral Assets Reviewed**

The report includes a review of advanced exploration projects in Scotland at Arthrath in Aberdeenshire and Loch Tay in Perthshire for nickel and gold, respectively. Both projects have been drill-tested in a preliminary fashion by previous explorers. This report also considers the exploration potential of early-phase gold projects in both Scotland and Ireland including Knapdale and Borland Glen respectively in Argyllshire and Perthshire in Scotland and at Bohaun (County Galway) in Ireland, the North Limerick Block and Lough Gowna Block (County Longford). Gold occurrences have been identified at all the early-phase gold projects to support the various conceptual exploration models being applied in the respective project areas in Scotland and Ireland.

### 1.3. Review Process

In preparing this report, John Barry, principal of Irus, traveled to Scotland on 15 and 16 December 2004 with AMR Directors and geologists Wilson Robb and Dr Sandy Archibald to visit the Arthrath nickel prospect in Aberdeenshire and the Loch Tay gold project near Aberfeldy in Perthshire. The Arthrath and Aberfeldy prospects are the most advanced projects in the AMR portfolio of mineral assets and therefore currently represent a major part of the Company value.

The review process involved a review of all available company geological and exploration data, and relevant literature in the public domain. The evaluation process for the Arthrath nickel project included discussions with Dr Clive Rice at the Geology Department of the University of Aberdeen and inspection of the various *Access and Mineral Rights Option Agreements* on file at the AMR office in Navan, County Meath, Ireland. In Scotland and Ireland, John Barry had several very helpful discussions with AMR geologists.

In summary, Irus had the required level of access to AMR Directors, project management, and key technical people to undertake any further clarification, inquiry or analysis of various technical data subject to this review.

### 1.4. Declaration by Irus Consulting

AMR has accepted that the qualifications, expertise and experience, competence and professional reputation of John Barry, who has been engaged to prepare this Competent Person's Report, are appropriate and relevant. It is also accepted that John Barry is a member of professional bodies which are appropriate and relevant for the preparation of this Report.

AMR has accepted that John Barry is an independent technical expert, and AMR has agreed to strictly respect his independence so that Irus's conclusions may be reached in an unfettered basis.

AMR has warranted that a full disclosure of all material information in its possession or control has been made to Irus, and that it is complete, accurate, true and not misleading. Efforts were made by Irus Consulting to check the information provided, and it has no reason to believe that such information is other than reliable and accurate. Irus has evaluated the information provided by AMR through review, inquiry and analysis and there appears to be no evidence to suggest that such information was materially misleading or could not be relied upon as a basis for the opinions of the author of this report.

This Report is not intended to be a guarantee of mineral title, nor is it intended to be a thorough description of past, existing or future option, sale or title agreements, nor is it intended to include a thorough description of possible liabilities, environmental or otherwise. Irus has not undertaken legal due diligence on either land tenure or the potential for historical environmental or social liabilities, and understands that an independent firm of lawyers specializing in this area has been retained by AMR for these purposes.

An important part of the information used in evaluation is based on the opinions and judgment of management. In particular, great reliance has been placed on a *Project Summary Report* prepared recently (13 December 2004) in three volumes by AMR which summarizes all available information on the various mineral assets and presents conceptual exploration models together with budgeted exploration programmes. Such information was critically evaluated but the author does not take responsibility for this data as it was not practically subject to external verification or validation.

Draft copies of this Report have been reviewed for factual errors by the Client. Any changes made as a result of these reviews were superficial and did not involve any alteration in the substance of the report or to the conclusions made. Hence, statements and opinions expressed in this document are given in good faith and in the belief that such statements and opinions are reasonable and defensible are not false or misleading at the date of this Report on 11 March 2005.

AMR has provided Irus with an indemnity in relation to information provided and furthermore has agreed that neither it nor its associates will make any claim against Irus to recover any loss or damage suffered as a result of Irus's reliance upon that information in the preparation of this Report. AMR has indemnified Irus against any claim arising out of the assignment to prepare this report, except where the claim arises as a result of any proved willful misconduct or negligence on the part of Irus. This indemnity also applies to any consequential extension of work through queries, questions, public hearings, or additional work required arising out of the engagement.

Although Irus visited the key project-sites it has not been able to conduct any verification or quality control sampling. Irus cannot therefore accept any liability, either direct or consequential, for the validity of such information accepted in good faith.

Irus's opinion is provided solely for the purpose outlined in Section 1.1. Any extracts of the report to be included with, or attached to, any document circular, resolution, letter or statement to be published or distributed externally AMR or its advisors or Irus will require the prior written consent of Irus to the form and context in which it is to be published or distributed. Such consent will not be unreasonably withheld or delayed.

#### **1.4.1. Independence**

The independence of Irus is ensured by the fact that neither it nor any associates of Irus nor anyone acting on its behalf hold any securities in AMR, its subsidiaries or affiliates, nor have:

- any rights to subscribe for any AMR securities either now or in the future;
- any vested interest or any rights to subscribe to any interest in any properties or concessions, or in any adjacent properties and concessions held by AMR;
- been promised or led to believe that any such rights would be granted to John Barry, or any principal or associates of Irus or anyone acting on its behalf in the event of a successful listing.

The only commercial interest Irus has in relation to AMR is the right to charge professional fees to AMR at normal commercial rates, plus normal overhead costs, for work carried out in connection with the evaluation and analysis reported herein. The payment of these professional fees, under a standard Professional Services Agreement dated 14 December 2004, is not dependent on either listing success or project financing.

#### **1.4.2. Qualifications of Competent Person**

John Barry has worked in the exploration and mining industry since 1988 and has consulted to the industry on a range of gold and base metal deposits, in Europe, Africa, Australia and South-East Asia. Graduate degrees include an M.Sc. in geology from The Pennsylvania State University and an M.B.A from the Edinburgh Business School at the Heriot-Watt University in Scotland. He has extensive experience in the specialist areas of mineral exploration, project management and the technical and financial analysis of mineral exploration and mining projects, is a professional member in good standing of the *European Federation of Geologists*, the *Institute of Geologists of Ireland* and the *AusIMM*, and therefore qualifies as a competent person under the terms of Chapter 19 of the Listing Rules of the United Kingdom Listing Authority (UKLA), the VALMIN Code and by reciprocity, Canadian National Instrument NI43-101. Particular experience relevant to undertaking such an evaluation has been extensive experience in Australia, Europe and Africa as both a geological consultant and as an in-house exploration manager on work ranging from acquisition and evaluation of early-phase to advanced mineral exploration projects through to supervising feasibility studies on development projects and consulting to the geological departments of operating gold mines.

#### **1.4.3. Compliance**

This Competent Person's Report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (THE VALMIN CODE) recognized as a world standard by most international financial institutions and large consulting companies. The VALMIN Code is binding on members of the AusIMM when preparing public independent expert reports concerning mineral assets and mineral securities.

Furthermore, this Report has been prepared in accordance with the Joint Reporting Code, June 2001, approved by a group comprising the UK Institution of Mining and Metallurgy (IMM) and the European Federation of Geologists. The Reporting Code followed the JORC Code with improvements based on the more recent SAMREC Code.

Although not a specific requirement for an AIM listing, this Report has been prepared in line with Chapter 19 of the Listing Rules of the United Kingdom Listing Authority (UKLA).

The International Accounting Standards Board, based in London, has acknowledged the importance of JORC and other codes in its publication “Issues Paper on the Extractive Industries”.

## **2. Description of Advanced Mineral Projects in Scotland**

### **2.1. Arthrath Nickel-Copper Project**

#### **2.1.1. Overview**

In early 2004, AMR recognised the prospectivity of north-east Aberdeenshire in Scotland for nickel and copper mineralization and focused specifically on the Arthrath area near the town of Ellon. Previous exploration work in the area during the 1960s and 1970s culminated in the drilling of 36 diamond drill holes which intersected wide but generally weakly-mineralized intervals (up to 170 metres) of nickel-copper sulphides. In drill-hole AD17 Rio Tinto Zinc reported 32 metres averaging 0.34% nickel and 0.28% copper from 18.6 metres depth. Whilst being sub-economic, such grades over extensive intervals suggest the presence of a large mineralizing system which may contain higher-grade, potentially economic zones.

AMR has secured access and mineral rights options over most (see Section 2.1.3 below on Land Status) of the area which includes five mineralized zones identified by previous drilling. AMR plans to commence exploration at Arthrath with the objective of identifying potentially economic deposits of nickel, copper, platinum-group-elements (PGEs) and cobalt by applying relatively recent understandings of how similar mineralizing systems have developed and by utilizing recent technological advances in exploration. It is clear from discussions between AMR geologists, staff geologists at the British Geological Survey and academic economic geologists at the University of Aberdeen that previous drill samples were not systematically assayed for platinoids or cobalt. In such mineralizing systems where the principal target metal is nickel, both platinoids and cobalt may be present in economic concentrations or significantly contribute to the overall economics of a project. Concentrations of up to 201 ppb Pt, 138 ppb Pd and 287 ppb Co were recorded from an unspecified sulphide-rich sample taken from drill-hole DDH AD25 (Gunn and Styles, 2002) indicating that at the very least these elements are present in the mineralizing systems at anomalous levels warranting further careful evaluation.

Some 43% of the financing proposed by AMR will be dedicated to advancing the Arthrath nickel-copper project and therefore it currently represents the single most important project in terms of perceived value within the AMR portfolio of mineral assets.

The structure of the nickel industry is fundamentally changing with a shift from large fully integrated businesses which mine their own ore providing concentrate for their smelters to produce matte for their own refineries. Sulphide mine reserves are declining and smelter owners are forced to source external supplies of concentrate. This new dynamic in the nickel concentrate market, which is showing steady growth, has enabled the development of several small sulphide resources none of which could support a smelter in their own right (source Brook Hunt – Nickel Industry Costs to 2015, 2004 edition).

#### **2.1.2. Location, Access Infrastructure**

The Arthrath project is located approximately six kilometres north of the town of Ellon – population of around 9000 – in the Eastern Grampian Region. Ellon is about thirty kilometres north of Aberdeen in Scotland. The area is easily accessible through a network of primary, second and third class roads.

#### **2.1.3. Land Status**

In Scotland, mineral rights for gold and silver are vested in the Crown but private landowners hold the mineral rights for all other minerals, including nickel. AMR has therefore acquired both access rights and mineral rights lease options over some 24 square kilometres of the Arthrath intrusion *via* standardized *Access and Mineral Rights Option Agreements*.

In the past some land owners had extensive estates which have in some cases been sold off in a piecemeal fashion to local farmers. Mineral rights are normally transferred with the sale of land but in more recent sales of land in the Arthrath area the vendor of one estate has retained the mineral rights. Therefore in some cases AMR has had to negotiate access and mineral



rights separately over the same land parcel. Both access and mineral rights have been secured covering the major part of the Arthrath intrusion (*see Appendix I which contains a summary Table of the access and mineral-rights-options negotiated by AMR*).

Access only, has been secured over two properties and mineral-rights-options for these properties are currently being negotiated with the owner of the relevant farm. Access and mineral rights over the remainder of this landholding are also pending although they do not relate to the main area of interest at Arthrath.

AMR's *Access and Mineral Rights Option Agreements* have been inspected by the author and they appear to be in order although no legal due diligence was undertaken. The agreements provide for annual payments to the landowner for exclusive access and a mineral rights option escalated incrementally from £1,500 in the first year (2004) to £5,000 in the fifth year (2009). All agreements incorporate an option to take a 21-year mining lease over a property and also stipulate that if any property is sold during the relevant period the obligations under the relevant agreement must be assumed by the new owner.

#### **2.1.4. Regional Geology**

One of the principal target-areas in Britain for magmatic nickel-copper and platinoid deposits has been the layered mafic-ultramafic intrusions of the Grampian Region of northeast Scotland. These intrusions, also known as the Aberdeenshire Gabbros, were injected into meta-sedimentary rocks of the Middle Dalradian (Late Proterozoic) succession of the Argyll and Southern Highland groups (Figure 1).

The meta-sedimentary rocks consist of a mixed sequence of shallow to deep marine clastics composed of quartzites, semi pelites, pelites and carbonates. The Aberdeenshire Gabbros post-date two regional deformation events affecting the Dalradian country rocks but pre-date late shearing, thrusting and folding resulting in the repetition of the sequence within some intrusive masses (Fletcher, 1997).

The intrusions are heterogeneous, composed of dunites, olivine gabbros, norites, picrites and contact facies rocks which contain xenoliths of country rock exhibiting so called taxitic textures. The main intrusive bodies are believed to be sheet-like laccoliths that were emplaced at about the same structural level and derived from a high-alumina tholeiite (Fletcher, 1997).

#### **2.1.5. Local Geology**

The Haddo House-Arnage intrusion lies in an area of about 45 square kilometres with the Arthrath dyke forming an east-west trending apophysis concordant with the strike of semi-pelites of the Upper Argyll Group. The country rocks dip steeply and young to the north. The Arthrath intrusion has resulted in contact metamorphism of the country rocks locally providing excellent marker horizons as a consequence of the high magnetic content of some of the hornfels.

The Arthrath intrusion lies beneath gently rolling farmland with thick glacial overburden up to 25 metres thick mantling the area. However, in areas of thin cover float-rock patterns appear to reflect changes in the underlying lithology. The inferred outline of the underlying Arthrath intrusion has been constrained by evidence from deep overburden sampling, diamond drilling and geophysics. The Arthrath intrusion appears to be lenticular in plan and covers an area of some seven kilometres by about one kilometre. The contacts of the intrusive with the meta-sedimentary country rock appear to be sharp. Evidence from diamond drilling indicates that the contacts are moderately to steeply dipping (40° – 80°) to the north. The intrusion appears to be segmented by a series of sub-parallel north to north-north-east trending cross faults which offset contacts, altering the width of the intrusion in plan view (Figure 2). A possible interpretation is that the cross faults have a dominant dip component with resulting down-throw on the faults causing an apparent offset of the intrusive contacts to the south. The variation in the width of the intrusion in plan view would result from pinching and swelling of the intrusion at depth. Smith (1970) proposed that the contacts of the intrusion are in fact tectonic with the mass bounded to the north and south by east-west trending shear zones and internally transected by north-west and west-south-west trending faults.



The Arthrath intrusion appears to be a heterogeneous complex of xenolithic norites, mafic and ultramafic cumulates and hornfelsed meta-sedimentary rocks probably reflecting multiple pulses of magma injected from an evolving magma-source which was probably originally of tholeiitic composition.

#### **2.1.6. Mineralization**

Fine grained, disseminated Fe ± Ni-Cu sulphides are widespread throughout the intrusion at low concentrations ( $\leq 1\%$ ). Higher concentrations occur in five main zones (Figure 3) which contain disseminated sulphides (5-20%) locally developed into matrix/network sulphides (25-40%) but rarely as sub-massive developments (40%-80%). There appears to be no consistent change in the character of the mineralization between the zones. The most consistently mineralized lithologies appear to be the contaminated norites. The sulphide mineralogy is dominated by pyrrhotite (80%-90%) with lesser chalcopyrite (5%-10%), pentlandite (5-10%) and trace pyrite (Fletcher, 1997).

#### **2.1.7. Previous Exploration**

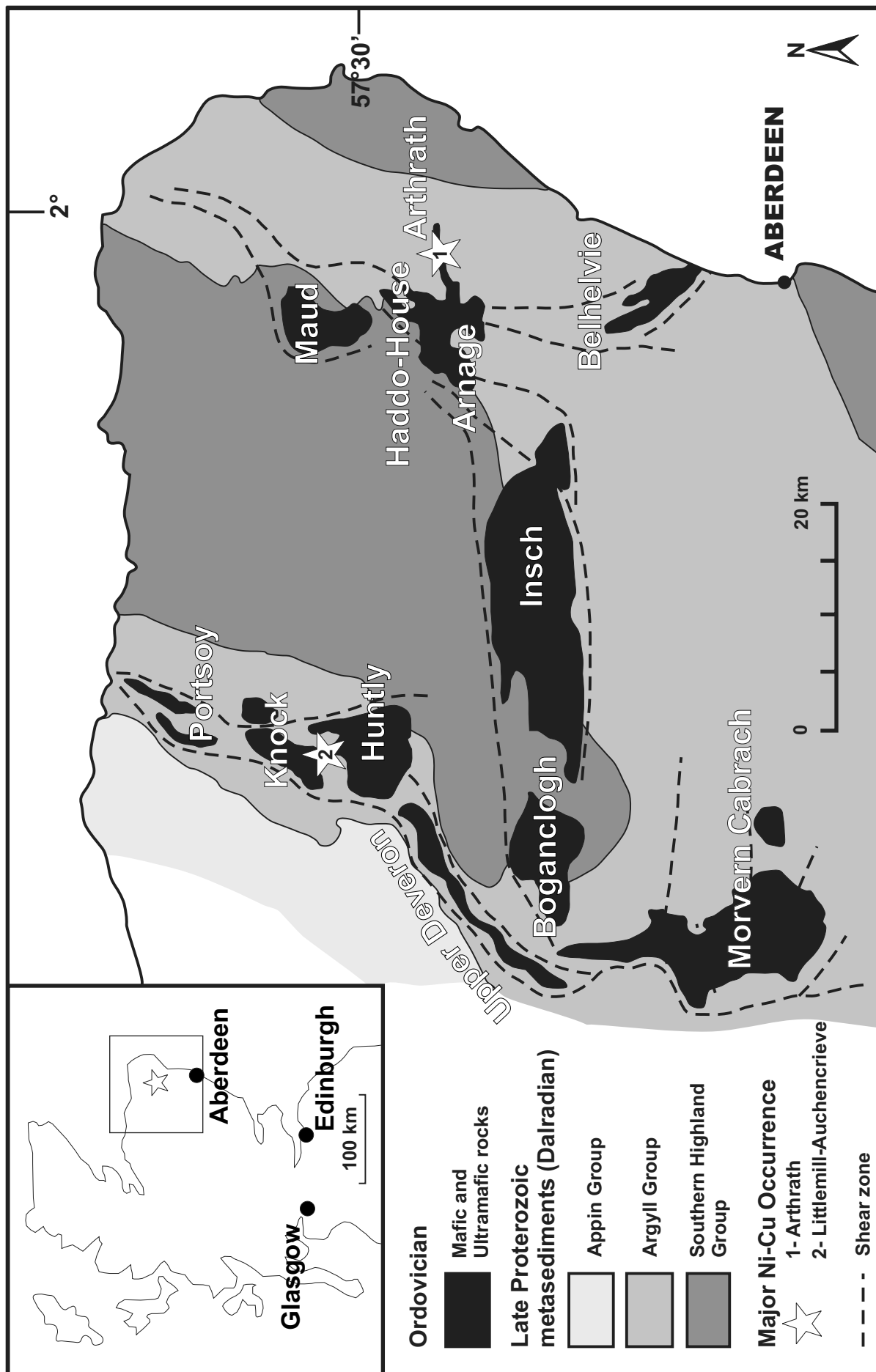
In 1967, Rio Tinto Zinc commenced reconnaissance and more detailed geochemical and geophysical surveys in Aberdeenshire, east of the Spey and north of the Don rivers, after the investigation of nickel toxicity was identified in soils in the Arthrath area. The nickel soil toxicity apparently manifested itself in the stunted growth of turnips. Around that time, Consolidated Goldfields were concentrating their exploration efforts for nickel some 30 kilometres further west in the Knock-Huntly area (Figure 1). Rio Tinto and Consolidated Goldfields subsequently formed a joint exploration company called Exploration Ventures Limited (EVL). EVL appears to have been principally a vehicle for sharing data and knowledge because both Rio Tinto and Consolidated Goldfields continued to concentrate their exploration efforts on their original target areas in the east and west respectively. EVL ceased exploration in the area sometime in 1973.

In the east, Rio Tinto's activities commenced with a stream-sediment sampling programme (1,468 samples) in 1967 over catchment areas totalling 1,825 square kilometres in order to reduce the target area and concentrate their exploration efforts. Soil sampling completed coverage of areas that could not be effectively sampled by stream-sediment surveys. Follow-up stream sediment sampling (568 samples), as close as 300 metres separation along streams, focused on the on the Arthrath, Haddo House-Arnage and Maud intrusions (Figure 1). In March 1968, 51 follow-up stream sediment samples confirmed the Arthrath intrusion as a priority exploration target for nickel and copper. Target areas were further refined by follow-up and finally detailed soil geochemistry on a 150 metre by 60 metre grid with both the "A" and "B" soil horizons being sampled at 327 sample locations. The Rio Tinto exploration team identified a broadly anomalous area some four kilometres east-west by one kilometre north-south and which appeared to be closed to the east and west. Within the broad anomaly, three higher-order anomalies were identified at Zones 2E, 3E and 4E, (Figure 3).

Statistics indicated anomalous thresholds for nickel and copper at 100 ppm and 50 ppm, respectively. Nickel and copper values in the "A" horizon ranged from 5ppm to maxima of 495 ppm and 400 ppm, respectively and up to 2,150 ppm and 2,120 ppm in the "B" horizon respectively. There appeared to be good coincidence between anomalous nickel and copper in the soils. Copper-anomalies appeared to be more tightly constrained therefore implying relatively less mobility in the weathering environment compared to nickel (Smith, 1968).

Detailed induced polarisation (IP) surveys (82 line kilometres) were conducted over the Arthrath geochemical anomalous zones to aid in further refining targets for drilling.

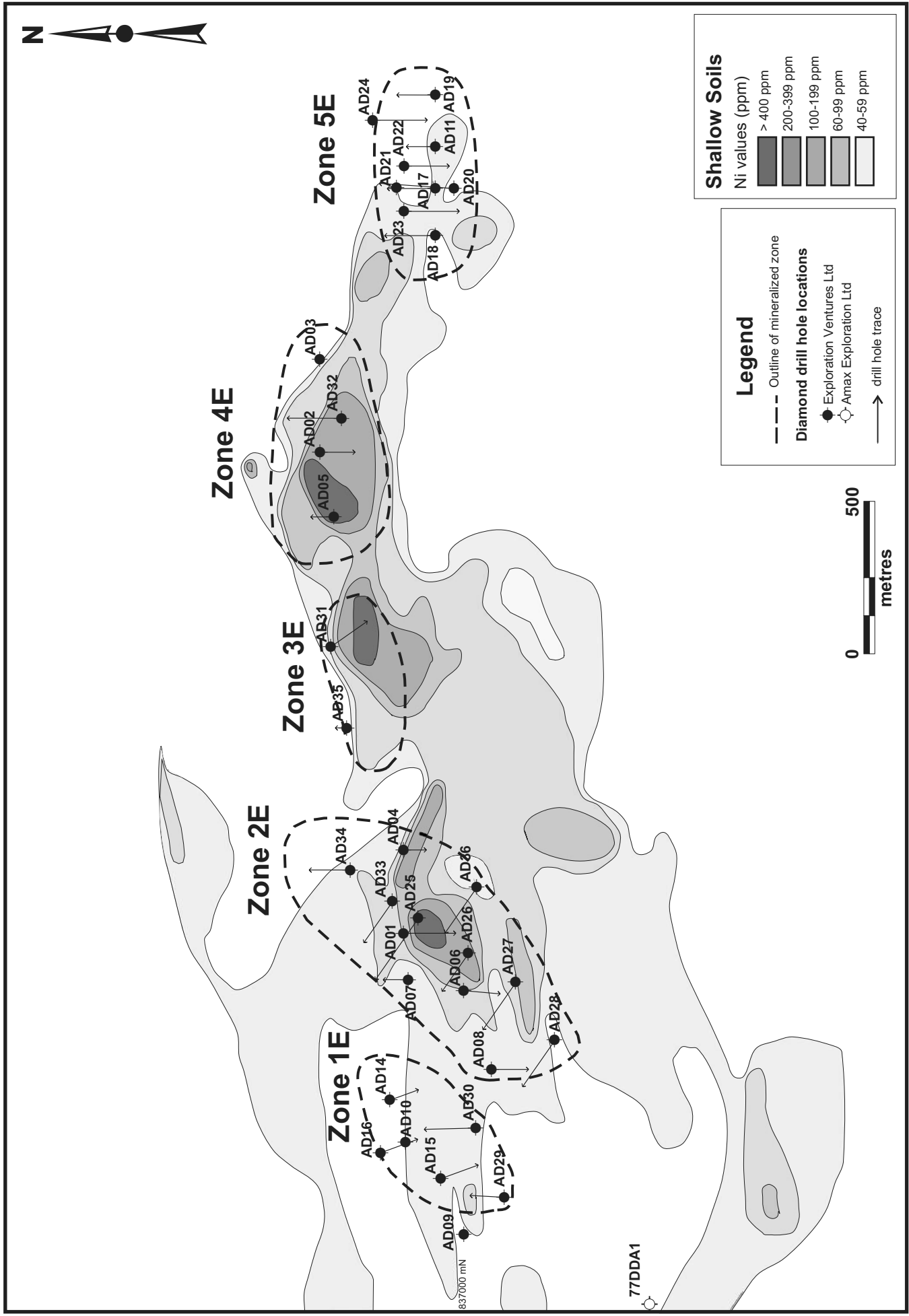
At a regional scale in the western area around the Huntly-Knock intrusion (Figure 1) airborne geophysical surveys outlined areas for follow up ground geophysics (Wilkes 1974). However, corresponding work completed on Rio Tinto's eastern side has not been documented and to date only contour maps, sometimes supported by the raw IP or ground magnetics data, have been found for the Arthrath area.



**Figure 1:** Geology of the Grampian Region showing location of major nickel-copper occurrences. Later granite intrusions and sedimentary basins have been removed for clarity.



**Figure 2:** Geology and drill hole location map of the Arthra area. Geology taken from British Geological Survey and Fletcher et al. (1997).



**Figure 3:** Contour map showing nickel concentration of shallow soil sampling at Arthrath. Drillhole locations and the outline of inferred mineralization based on drilling are also illustrated.

### *Diamond Drilling*

Between July 1968 and November 1977, Rio Tinto drilled 36 diamond drill-holes testing five coincident geochemical and geophysical anomalies within an east west trending corridor. The drill-holes were primarily concentrated on Zone 2E where one third (12) of the holes were drilled. Six drill-holes tested Zone 1E at the western end and nine drill-holes tested Zone 5E at the eastern end. The remaining six drill-holes collared in the ground between Zone 2E and Zone 5E – two drill-holes at Zone 3E and four drill-holes at Zone 4E (Figure 3).

For the most part, wide zones of weak mineralization (0.1% to 0.3% Ni) were intersected in drilling. The sequence and variability in the orientation of the drill-holes (Figure 3) illustrates the unsystematic nature of the drilling, which suggests a lack of structural understanding resulting in a failure to effectively target potentially economic mineralization. Drill-holes were drilled vertically, inclined to the north, south and north-west reflecting a clear lack of understanding of the mineralization controls in an area devoid of outcrop and where trenching was precluded due to the depth of glacial overburden.

In summary, if the solitary drill-hole by AMAX (1977) is included, 7,047 metres of diamond drilling resulted in highest grade intersections of:

- 6.1 metres averaging 0.5% Ni and 0.37% Cu from 47 metres in AD11;
- 0.76 metres averaging 0.7% Ni and 2.25% Cu from 78.5 metres in AD1;
- 10 metres averaging 0.5% Ni and 0.3% Cu from 102 metres and 4.5 metres averaging 0.5% Ni and 0.4% Cu from 175 metres in AD25;
- 0.5 metres averaging 1.42% Ni and 0.9% Cu from 134 metres in AD27.

It should also be noted that although assays are not available for drill-hole AD20 an estimate of some 30% by volume for *total sulphides* over an interval of 18.7 metres from 93.8 metres could correspond to between 0.4 and 0.6 weight percent copper and nickel, respectively, based on correlations determined by AMR between assays and visual estimates of sulphides in drill-holes AD11 and AD17 (see Appendix II for summary of Arthrath drilling).

### *Arthrath Deposit*

The EVL joint venture exploration programmes were effective in identifying two sub-economic nickel deposits which at that time were identified as “geological reserves” but which are not compliant with any international guidelines such as the Australian JORC or Canadian Policy NI43-101 on the reporting of mineral resources and reserves. The “reserves” published (Wilkes, 1974) for Huntly (Littlemill-Auchencrieve) on Consolidate Gold Fields’ Western side are estimated at 3 million tonnes averaging 0.52% Ni and 0.27% Cu (including a higher grade resource of 1.4 million tonnes averaging 0.73% Ni and 0.34% Cu). At Arthrath on Rio Tinto’s Eastern side a much larger but significantly lower grade deposit of 17 million tonnes averaging 0.21% Ni and 0.14% Cu was apparently prognosticated by EVL and later published (Fletcher, 1997; BGS, 2000; Coleman, 2000). The Littlemill-Auchencrieve estimate is much more tightly constrained and based on more drilling (59 holes) focused on a 20-metre sulphide zone over a smaller area than the 36 drill-holes drilled at Arthrath which targeted four main target zones over a strike of four kilometres.

The Arthrath mineralized inventory does not qualify as a resource because by definition economic extraction should be currently or at least potentially feasible. It is clear that the Arthrath estimate is based on a natural cut-off rather than one based on any economic imperative. The Arthrath estimate was probably derived and prognosticated as a gross estimate based on average nickel and copper grades within the drilled-zones and extrapolated to the depth of the deepest mineralized intersection. Furthermore, no reports, supporting data, calculations or diagrams have been recovered to verify the Arthrath estimate.

EVL ceased exploration of the Aberdeenshire Gabbros for nickel in 1973 with the conclusion that only one area of significant mineralization was discovered at Littlemill-Auchincrieve on the Goldfield’s side (Westside of the EVL operations) and that even the “sub-massive” resource of 1.4 million tonnes averaging 0.73% Ni and 0.34% Cu would require a four to five-fold increase in tonnage at similar grades or better to support a viable operation (Wilkes, 1974).

AMAX explored the Arthrath area for nickel and copper mineralization between 1976 and 1979 and completed a programme of deep overburden sampling on a 500-metre by 100-metre grid to collect “rock-head” lithogeochemical samples. Results corresponded well with known bedrock mineralization and identified soil anomalies. Lithogeochemical samples (360) returned values in the range of 5 and 1,890 ppm for nickel and between 5 and 2,164 ppm for copper referenced to anomalous thresholds of 100 ppm and 120 ppm for nickel and copper respectively. Zone 5E, the most easterly mineralized zone, was not sampled and records of overburden thickness were not preserved. There appears to be good correlation between surface soil sampling, deep overburden sampling and diamond drilling indicating that surface geochemistry can reflect the intensity of sub-cropping mineralization. AMAX drilled one diamond drill-hole at Tillydesk about 600 metres southeast of Zone 1.

Redback Mining NL from Perth, Australia attempted to explore at Arthrath in the period 1990-1991 but were unable to secure land access and mineral rights tenure.

#### **2.1.8. Historical Database**

There is a marked contrast in amount, quality and completeness of the data available for the Western (Consolidated Goldfields) and Eastern (Rio Tinto Zinc) areas that clearly reflect the separation in areas of operation under the EVL partnership. For the Eastern EVL area, which includes the Arthrath area, a partial database exists and there is no single final comprehensive report equivalent to the Consolidated Goldfields Ltd report (Wilkes, 1974). There are some plans and data available at the British Geological Survey and only six short reports on specific prospect-areas such as Arthrath-Dudwick, Quilquox and Haddo House Estate.

*Stream sediment sampling* – A total of 1,469 reconnaissance and 568 follow-up stream sediment samples were collected over the Eastern EVL area by Rio Tinto and this data has been located by AMR in hardcopy. Detailed stream sediment sampling (51 samples) was carried out in the Arthrath-Dudwick area by Rio Tinto during March 1968, however to date, no detailed results are available.

*Shallow soil sampling* – All of the raw-assay sheets for the Eastside have not been located and may be irretrievable after more than thirty years. AMR has located some RTZ reconnaissance, follow-up and detailed infill sampling data for Arthrath.

*Deep overburden sampling* – Rio Tinto conducted manual extension augering probably over areas of hill covered by peat and power augering over geophysical anomalies with coincident deep drift-cover but there appears to be no records, maps or results from these sampling programmes. In 1977, AMAX drilled 360 holes to sample the top of bedrock and although results of this lithogeochemical sampling are available there were no records kept of overburden thickness.

It can be reasonably assumed that all the Rio Tinto stream and soil samples were analysed at the RioFinEx laboratory (Geomet) in Chessington, Surrey. There are no detailed records relating to where or how the samples were prepared. Analysis generally involved the digestion by hot nitric acid followed by atomic absorption determination. Some problems were reported relating to incomplete digestion of samples but it is understood that subsequently the problems were eliminated, however there is no information on the total number of samples affected and more specifically the affected sample labels, locations and whether they were re-run. There was a detection limit of 5ppm for nickel.

*Geophysical surveys* – A large amount of geophysical work was conducted over the Western EVL area which included airborne and ground surveys and full details and results are included in a report on file at the British Geological Survey (EVL Westside Volume 2). Without a complimentary report it cannot be determined if the surveys were extended over the Eastern (EVL) area. To date, only maps showing contoured data, supported in a piecemeal fashion by raw IP or ground-magnetics data, have been found specifically focused on the Arthrath area.

*Diamond drilling* – Between July 1968 and August 1977, some 37 drill-holes were completed by RTZ (AD 1- 36) and a single hole by AMAX (77DDA1) for a total of 7,047. Only the complete core from the AD25 drill-hole still exists at the British Geological Survey. Half of the holes drilled are missing assay data and three drill-logs could not be located.



### **2.1.9. Exploration Model and Potential**

Over thirty years ago, exploration of the Aberdeenshire mafic-ultramafic intrusives by major international mining companies led to the delineation of a small sub-economic nickel-copper resource at Littlemill-Auchencrieve (3Mt averaging 0.52% Ni and 0.27% Cu based on 59 drill-holes totalling 9,224 metres) and the identification of an extensive nickel-copper mineralizing system at Arthrath (17Mt averaging 0.21% Ni and 0.14% Cu based on 36 drill-holes totalling 7,047 metres of drilling).

The discovery of the world-class Voisey's Bay Ni-Cu-Co deposit near Nain in Labrador, Canada in November 1994 ultimately led to a complete reinterpretation of the mineralization controls for these magmatic deposits (Evans-Lamswood et al, 2000). The Arthrath Ni-Cu deposit has some important affinities with Voisey's Bay (see below) and consequently AMR intends to adopt this relatively new conceptual model to guide exploration which will test in parallel the potential for zones of economic-grade nickel-copper:

- deeper within the existing Arthrath mineralized system;
- further east along strike where faulting may be exposing deeper levels in the Arthrath intrusive;
- further west in the Arnage Haddo-House intrusive mass, particularly at the base or entry point of the Arthrath dyke.

At this stage the main value of the Arthrath sub-economic nickel-sulphide mineralization lies in the possibility of successfully applying a new and appropriate conceptual exploration model to transform the potential of the project.

The Arthrath intrusion is one of a particular class of tholeiitic intrusions within a broader group of ultramafic-mafic bodies that host nickel-copper sulphide deposits (Eckstrand, 2000). The parent magma of the Arthrath intrusion is interpreted to be a high-alumina tholeiite (Fletcher, 1997). The discovery of the Voisey's Bay Ni-Cu-Co deposit adds a significant new variant to this class of tholeiitic intrusion-hosted nickel deposits. The Voisey's Bay Ni-Cu-Co mineralization is hosted by troctolitic plutons (Ryan et al, 1995) which by definition contain olivine as a significant mineral and which are interpreted to have evolved from crystallization of a high-alumina olivine tholeiitic magma within a closed-system. The Arthrath intrusion is a heterogeneous assemblage that includes troctolites, amongst other mafic-ultramafic rocks.

The conventional understanding of the process of sulphide concentration to form magmatic sulphides within magmatic-ultramafic bodies involved the coalescing of droplets of immiscible sulphide-oxide liquid generated within, and segregated from, silica magma. Nickel, copper and platinum-group elements would partition from the silicate liquid into the sulphide-oxide liquid phase and because the sulphide droplets have a greater density they would gravitationally separate from the silicate phase and settle at the base of a magma chamber. The process was visualized as essentially passive with slow assimilation of sulphur (or silica) from the country rock resulting in saturation of the magma with respect to sulphur and the formation of sulphides as layered cumulates by gravitational settling within the magma chamber – the classic layered intrusive model. The clear implication of such a mineralizing model was that magmatic sulphides would be found at the base of magma chambers and on the margins of the intrusion where the magma was most likely to assimilate sulphur (or silica) by contamination of country-rock xenoliths.

The new dynamic model involves multiple injection of magma along a feeder analogous to a braided stream with sulphide precipitation caused by sulphur saturation as a result of contamination with fragments of meta-sedimentary rock and blocks of mafic and ultramafic country rock at depth. Assimilation of sulphur (or silica) would be relatively rapid rather than the relatively slow assimilation and gravitational settling invoked for the layered-intrusive model. Sulphides are preferentially concentrated within traps. Traps are simply sites where sudden relative reductions in the velocity of a magma injection results in the precipitation of sulphides. Such traps are caused by changes in the width or orientation of the conduit or the partial blockages within the feeder caused by fragments which choke the channel and induce the concentration and containment of sulphides (Evans-Lamswood, 2000). The Arthrath

intrusive is locally contaminated with xenoliths of country rock to form varied textured norites similar to taxitic units seen in other economic nickel-sulphide deposits such as Voisey's Bay and Sudbury. The challenge of correlating various intrusive facies at Arthraht clearly suggests dynamic mixing. There is also a possibility that weak folding during the late stages of the Caledonian orogeny may have resulted in the remobilization of sulphides into fold hinges.

There are several guides to effective exploration of the Arthraht intrusive as a result of adoption of the Voisey's Bay model. Trap-sites within the feeder containing "clots" of higher-grade and potentially economic mineralization can occur in an apparent random fashion within a lower grade mineralizing system and not as previously conceived at discreet horizons toward the base of a layered sequence. These clots or higher-grade zones might exist deeper within the Arthraht intrusive and clearly remain untested by previous drilling. There is also a close association at Voisey's Bay between sulphide mineralization and zones of intense brecciation (Naldrett et al., 1996; Lightfoot and Naldrett, 1999).

The Ovoid Zone at Voisey's Bay may represent a widening in the conduit or a previous entry point into the eastern chamber that has been subsequently eroded. The Ovoid deposit alone, contains an estimated proven and probable reserve of 30 million tonnes averaging 2.85% Ni and 1.68% copper and 0.14% cobalt with an additional 54 million tonnes of indicated mineral resource grading 1.53% nickel, 0.7% copper and 0.09% cobalt and 16 million tonnes of inferred mineral resource grading 1.65% Ni, 0.8% Cu and 0.1% Co (Voisey's Bay Nickel Company website 2004). Gabbro-troctolite-hosted mineralization contains the most variable and metal enriched sulphides (1-7% Ni). It is evident that there are some similarities between the Arthraht and Voisey's Bay mineralizing systems that support some aspects of the genetic model for the latter. However, Voisey's Bay may be related to anorogenic hot-spot activity whereas the Arthraht intrusion appears to be related to island arc magmatism. The Pans Lake intrusion (dominantly olivine gabbro) also in the Nain Plutonic Suite has geological similarities to Voisey's Bay (dominantly troctolite), but the former has a lower sulphide content (around 2% Ni) and relatively elevated Cu and Co suggesting differences in the source magmas and or conditions of sulphide segregation (Kerr et al, 2000).

The potential for economically significant concentrations of cobalt has not been investigated by previous explorers and presents another potential upside for the project. If the Arthraht intrusive proves to be a weakly disseminated nickel-copper sulphide system it might indicate that there is greater potential for platinum-group elements as platinoid concentrations are elevated in rocks that contain disseminated sulphides (Ryan, 1995). The potential for economic platinum-group elements (PGEs) commonly associated with such magmatic nickel-sulphide systems, has not been assessed by previous explorers and could generate significant additional value for the Arthraht project.

At current nickel prices even relatively small nickel deposits have the potential to generate strong cash-flows. As an example, Albion Mining's inferred resource of 7 million tonnes averaging 0.83% Ni at the Munali prospect in Zambia is projected to have a capital cost of between US\$35 and US\$50 million producing 8,000-tonne of contained nickel metal a year generating an operating cash flows of around US\$50 million a year (see Investors Chronicle, p 28, December 10-16, 2004). The cut-off for an underground nickel-sulphide mine would depend on scale, metallurgy and orebody geometry among several other factors but at current nickel prices a threshold of around 1.85% Ni seems realistic.

There are close similarities in nature and likely origin between the mineralization at Arthraht and at Huntly-Knock which includes the Littlemill-Auchencrue deposit (Fletcher, 1997). Littlemill-Auchencrue contains a higher-grade unclassified resource of 1.4 million tonnes averaging 0.73% Ni and 0.34% Cu which demonstrates that the Arthraht deposit could locally contain undetected higher-grade pods of mineralization at similar grades. At the time, some thirty years ago, it was considered that the potential to delineate a five-fold increase in tonnage at Littlemill –Auchencrue was low as this would require down-dip continuity of the mineralization to some 900 metres depth (Wilkes, 1974). However, if the Voisey's Bay's model is relevant mineralization should not be conceptualized as continuous and the abrupt development of higher-grade zones within the mineralizing system has the potential to transform the economics of a magmatic nickel sulphide project such as Arthraht.



In the opinion of the author, the application of the Voisey's Bay conceptual model is relevant as a guide to future exploration of the Arthrath nickel-copper sulphide deposit. It is clear that a significant mineralization system was active in the area and there is considerable merit in exploring the potential for higher-grade nickel zones within the Arthrath intrusive complex.

In considering the prospectivity of the Arthrath nickel exploration project the positive attributes and negative considerations are summarised below:

*Positive Attributes:*

- A significant nickel-sulphide mineralizing system was active in the area;
- Affinities between Arthrath and the giant Voisey's Bay nickel deposit in Canada;
- Recent restructuring of the nickel industry has made it possible for relatively small nickel projects to be economically viable and generate strong cash-flows;
- Arthrath mineralizing system is open to the east where the best drill-indicated mineralization was intersected at (Zone 5E) associated with a relatively weak geochemical footprint;
- Despite variable development of fluvio-glacial overburden shallow soil geochemistry appears to reflect intensity of sub cropping mineralization;
- Major advances in mineral exploration technology and conceptual understanding of these deposit-types could lead to rapid exploration progress and revaluation of the project.

*Negative Considerations:*

- Area devoid of outcrop;
- No sulphide nickel resource compliant with international reporting standards has been delineated at Arthrath, after 7,000 metres of drilling by previous explorers. However, previous drilling was unsystematic and lacked focus and the intersection of potentially economic nickel mineralization (10 metres averaging 0.5% Ni and 0.3% Cu from 102 metres and 4.5 metres averaging 0.5% Ni and 0.4% Cu from 175 metres in AD25) indicates that the potential exists to establish an economically viable project;
- Drill-Targets may be deep or difficult to resolve;
- Even if the Voisey's Bay model is relevant Arthrath may be a sub-economic, weakly and disseminated mineralizing system similar to Pants Lake.

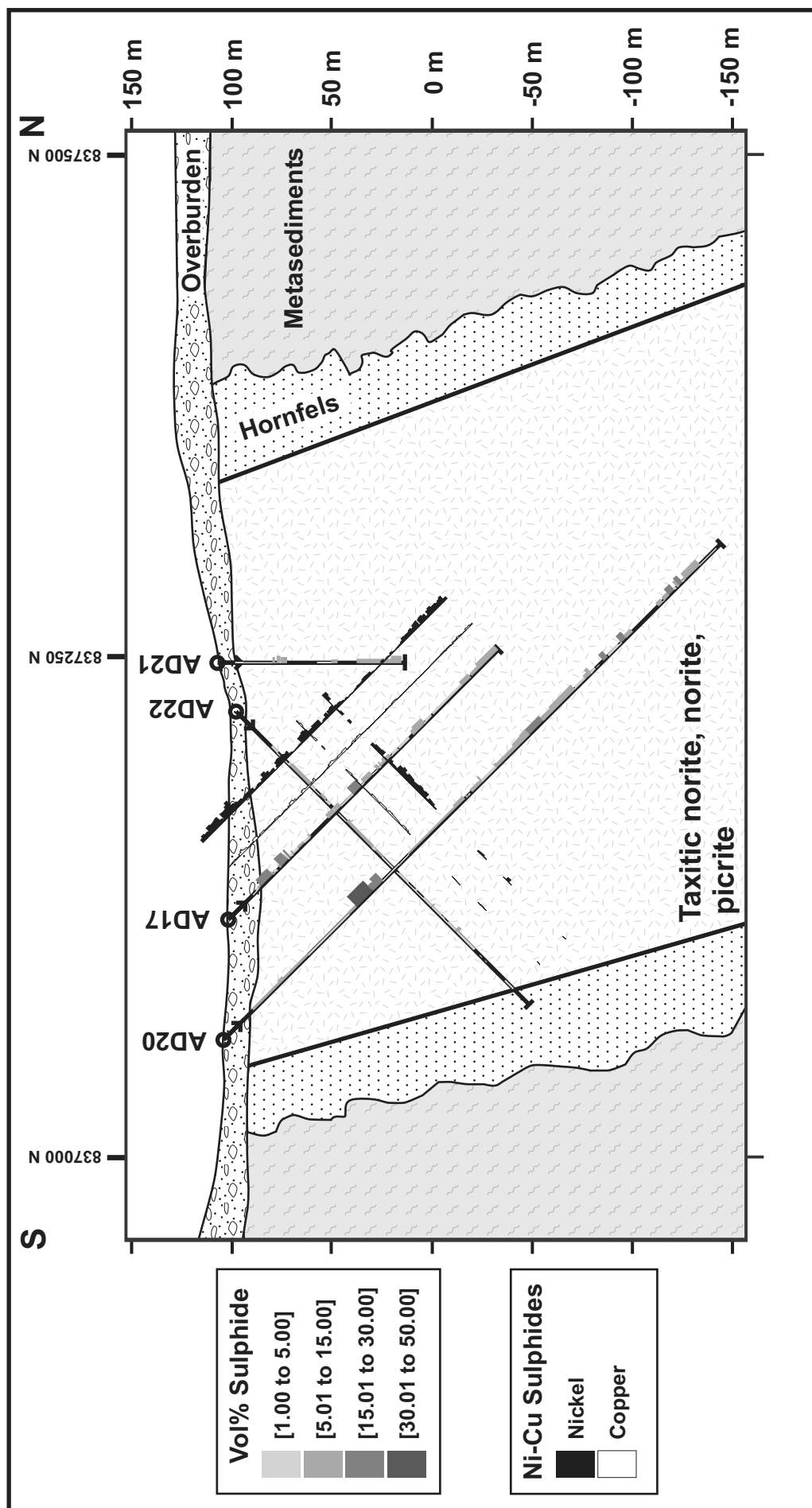
#### **2.1.10. Exploration Programme and Budget**

AMR has proposed an 18-month exploration programme with at an estimated cost of €0.42 million (£0.30m).

The program will involve:

*Drilling* – a 1000-metre drilling program will involve two phases: a) a single 400-metre drill-hole inclined at 60° to 180° to confirm the presence of a steep, northerly dipping mineralized body between drill-holes AD20 and AD21 (Figure 4) – the new drill-core will provide valuable information on the critical factors controlling the concentration of mineralization at Arthrath; b) the second-phase of 600 metres will test new targets identified by geochemical sampling and geophysical programmes.

*Geophysics* – AMR proposes approximately 700-line kilometres of combined high-resolution airborne EM and magnetics across Arthrath area.



**Figure 4:** North-South cross section through Zone 5E. The volume percentage of sulphide are plotted on the drillhole trace, whereas the Ni-Cu sulphide abundance, where assayed, are plotted offset from the drillhole trace.

*Mapping* – The known footprint of the Arthrath intrusive with an east west strike of some 7 kilometres by about one kilometre north-south will be remapped and prospected by experienced geologists and field technicians to aid geological control and aid in defining drill-targets.

*Geochemistry* – shallow soil sampling and geophysical (VLF-R/EM, IP and ground magnetics) orientation programmes will be conducted with a view to determining the most effective methods for more detailed surveys and also to identify any mobile elements dispersed in the soil or overburden associated with the existing deposit that might provide exploration vectors for the discovery of new mineralization.

*Geochemistry* – Additional detailed geochemistry and geophysical (VLF-R/EM, IP or ground magnetics) surveys will be conducted over the Arthrath area.

*Database* – digital capture of all data will continue as it becomes available through the British Geological Survey and/or previous operators.

The budget for the proposed programme is as follows:

<i>Cost Centre</i>	<i>Estimate €'000</i>	<i>Percent of Total Budget</i>
Geology	79.7	19.1%
Technical Support	30.6	7.3%
Office and Utilities	5.3	1.3%
Geochemistry	43.4	10.4%
Geophysics	55.0	13.2%
Drilling	104.2	24.9%
Mineral Option Rights 2005/06	54.0	12.9%
Accommodation & Travel	25.6	6.1%
Contingency 5%	19.9	4.8%
<b>Total</b>	<b>417.7</b>	<b>100%</b>

Table 1 Summary exploration budget proposed for Arthrath Project

The Exploration Programme presented by AMR appears to be well structured and appropriate for the style of mineralization targeted. The budgeted costs to undertake the various exploration activities presented appears to be reasonable and comparable with similar budgeted exploration programmes in Ireland and Scandinavia and specifically the Blackstone Ventures Inc (TSX Venture Exchange) – Falconbridge joint venture exploration of the Espedalen and Vakkerlien nickel-sulphide projects in the Norwegian Caledonides

AMR's senior management team has considerable mineral exploration experience as contract project managers for other exploration companies in Europe and the actual exploration team will be advised by several Canadian consultants who are experts on magmatic nickel-sulphide systems. The AMR exploration team includes Greg Joslin who has relevant knowledge of magmatic nickel sulphide deposits related specifically to the Duluth Complex in Minnesota.

## **2.2. Loch Tay Gold-Silver Project**

### **2.2.1 Overview**

AMR has applied for a gold exploration licence covering 322.4 square kilometres east of Loch Tay. Based on recent verbal and written communications between the Crown Estate Commissioner and AMR either directly or through Wardell Armstrong, acting as Crown Mineral Agents, AMR's expectation that the Loch Tay licence will be granted in early 2005 appears to Irus to be reasonable and highly probable. The area is being targeted for mesothermal gold mineralization associated with arrays of quartz veins – a style of mineralization typical of the Dalradian of Scotland and Northern Ireland. The area contains advanced targets at Calliacher that are ready for immediate drill testing. Several gold occurrences exist throughout the extensive licence area and AMR plans to systematically explore the entire area focusing on zones around these prospects.

AMR's exploration programme is budgeted at some €355,000, over an eighteen-month period, and in the opinion of the author appears to be a cost-effective programme suitable for this style of gold mineralization. Furthermore management with extensive experience in this style of mineralization will supervise exploration.

Previous exploration in the Dalradian of Scotland and Ireland indicates that the style of mesothermal gold targeted by AMR manifests as small but high-grade mineralization ranging from sub-economic gold occurrences up to small to medium-sized gold resources in the range between 250,000 – 500,000 ounces. The challenge with these generally high-grade gold systems is to establish continuity of mineralization and therefore establish the tonnage required for a commercial gold mine. Resource to reserve conversion factors in these Dalradian mesothermal gold deposits can be significantly below industry norms. However, because these systems are high-grade, they may support quite profitable but relatively small mines in terms of throughput and mine-life.

### **2.2.2 Location & Access Infrastructure**

The Loch Tay exploration licence covers an area of some 322.4 square kilometres in the central Highlands of Scotland (Figure 5) just south of the town of Aberfeldy in Perthshire. The licence area has a rectangular shape about 25 kilometres east-west by 20 kilometres north-south but with the north-west corner truncated by Loch Tay. The licence is accessible via a network of primary trunk, first, second and third class roads as well as tracks on estates. The physiography is characterized by exposed upland moor with many peaks reaching heights above 600 metres elevation. The Glen Quaich and Glen Almond valleys run east and south from the central part of the licence area. The highest peak in the area is Creagan na Beinne (888 metres) located in the centre of the licence.

### **2.2.3 Land Status**

The Loch Tay exploration licence has not, at the time of writing, been granted by the Crown Estates Commissioner. AMR submitted an application for the Loch Tay exploration ground to the Crown Estates Commissioner via Crown Mineral Agents Wardell-Armstrong on 10 December 2003 (see reply letter from Wardell Armstrong dated 23 December 2004 in Appendix III). The granting of the licence is pending the completion of a review of the licence application procedure in the United Kingdom for the Crown by the Crown Estate Commissioners.

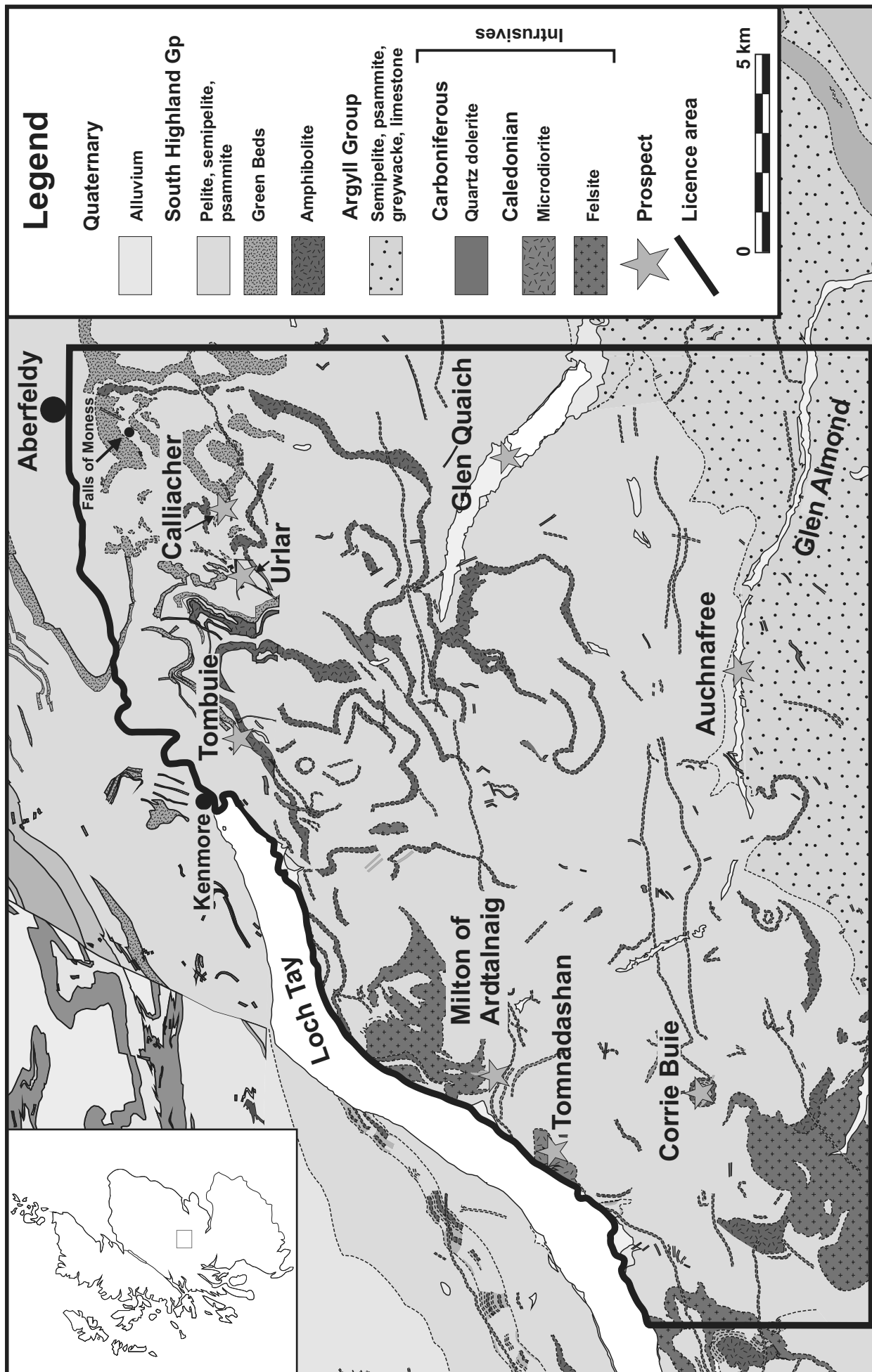
The author enquired through the Crown Mineral Agent about the status of AMR's application for the Loch Tay exploration ground on 20 December 2004 and was informed that i) no other companies had submitted applications for the Loch Tay area; ii) AMR will receive preference and priority over any other applicants; iii) the review process would be complete in the short-term probably before April 2005. Although there are no certainties in this regard the author is satisfied that there is a high probability that AMR will be granted the mineral rights to explore the area east of Loch Tay and that the only impediment, which is considered highly unlikely, is that AMR will not agree to the standard conditions set down by the Crown Estate Commissioner on granting the licence. It is standard practice for the Crown Mineral Agent to request information on the financial position of the companies and the likely expenditure to be committed to exploration so that the Crown Estates Commissioner can assess the merits of an application for a gold exploration licence.

### **2.2.4 Regional Geology**

The Loch Tay licence area covers shales, siltstones, impure quartzites and weathered volcanoclastic sediments of the Southern Highland Group (part of the Neoproterozoic Dalradian Supergroup) which probably formed by the shedding of sediment off of a passive margin into a deep marine basin (Strachan et al., 2002). During rapid deepening of the basin, mafic intrusives formed sills and dykes acting as feeders for the volcanic rocks that occur locally throughout the area. A volcanic arc colliding with a continent during the Caledonian orogeny (Grampian event) resulted in garnet-grade metamorphism and amphibolitization of mafic intrusives. These orogenic events lead to the formation of gold-bearing, base-metal- rich mesothermal quartz-carbonate veins throughout the Dalradian of Scotland and Ireland in places such as Curraghinalt and Cavanacaw in Ireland and Cononish, Aberfeldy and Knapdale in Scotland (Figure 6).

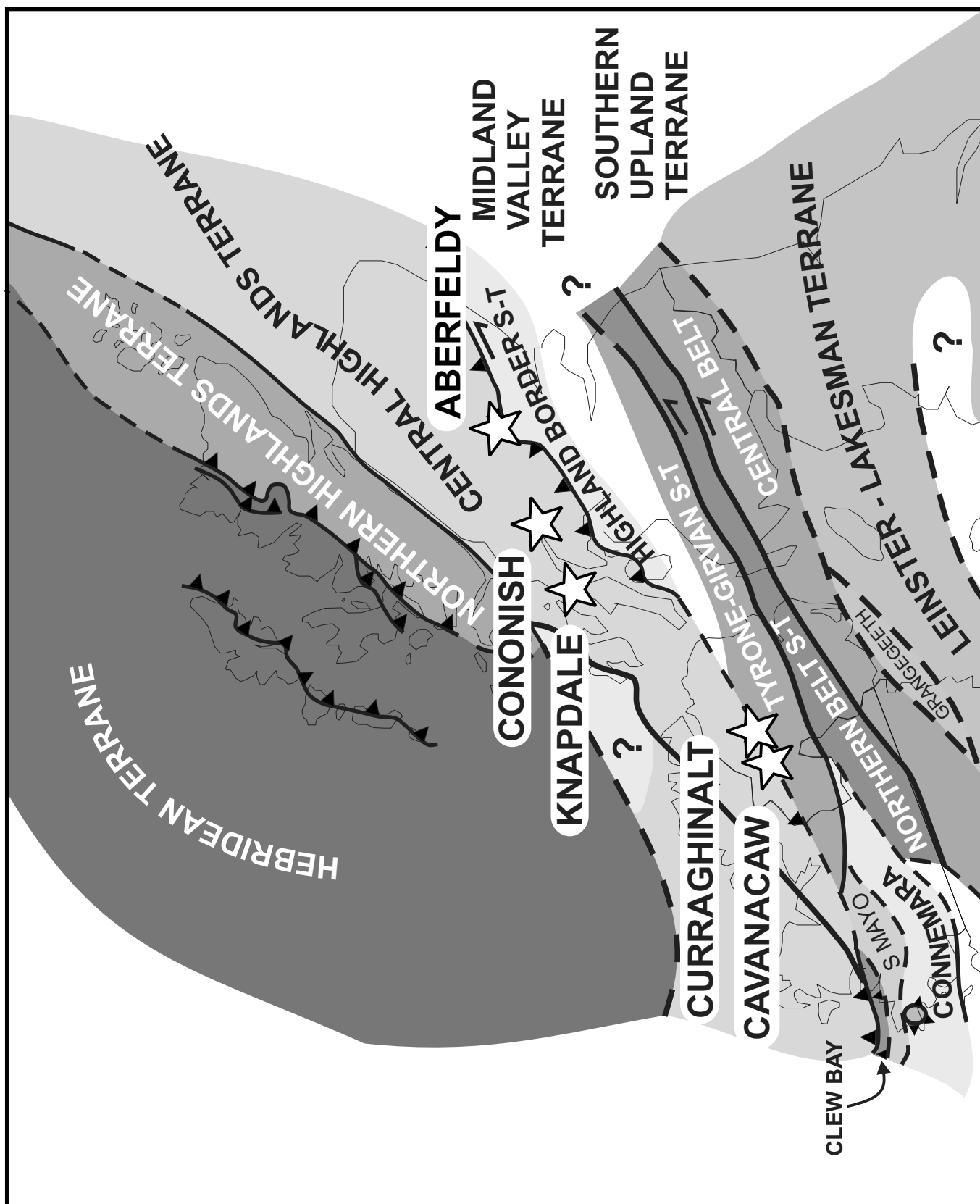
### **2.2.5 Mineralization**

To date, the most extensive mineralization discovered in the licence area occurs in two vein swarms at the Calliacher and Urlar burns about 2 kilometres south of Aberfeldy on the Bolfracks Estate (Figure 5). There are other gold occurrences within the Bolfracks Estate at Tombuie about 1.5 kilometres east-southeast of Kenmore (Figure 5). Within the rest of the licence area gold mineralization has been identified at Tomnadashan and Milton of Ardtalnaig, Auchnafee and Glen Quaich, and Corrie Buie, associated with felsic intrusions, quartz veins in Dalradian metasediments and quartz veins in limestone respectively (Figure 5). The geology and mineralization of these prospects are summarized below:



**Figure 5:** Geology map of the Loch Tay Project area showing the location of principal mineral occurrences mentioned in the text.





**Figure 6:** Distribution of gold mineralization present in the Dalradian Supergroup of the Central Highlands terrane. Other terranes and terrane boundaries of Scotland and northern Ireland are also shown.

### *Calliacher-Urlar Prospects*

Gold-bearing veins, varying in width from centimetres up to two metres, cut gently dipping gritty quartzites, quartz-mica schists and metabasics - narrower in less competent units and widening as they transect the more competent lithologies such as gritty quartzites. A swarm of 14 quartz-sulphide veins has been identified at Calliacher dipping steeply and striking between 140° and 160° within a zone some 750 metres in width (Figure 7). The bulk of the mineralized veins are concentrated within a 400-metre wide zone.

The Discovery or number “1” vein at Calliacher averaged 9 g/t gold over a strike segment of just under 90 metres over widths between a half and two metres (Ixer et al., 1996). Veins have been traced by trenching for up to 500 metres along strike. Visible gold commonly between 1 and 20µm but ranging up to 90µm in diameter is present in extensive gold-bearing gossans developed to depths between 3 and 7 metres above quartz-pyrite-base metal veins. About a kilometre south of Calliacher Burn four mineralized veins were discovered at Urlar Burn where trial workings for lead were conducted in the 1880s (Figure 3). Mineralized float was identified some 950 metres upstream from the old Urlar workings indicating the prospectivity of the area to the southwest.

Two types of vein are present at Calliacher and Urlar:

- Quartz-sulphide – these veins contain a quartz-galena-pyrite assemblage with minor sphalerite, chalcopyrite, arsenopyrite and visible electrum typically containing gold concentrations from 77 to 150 g/t gold in gossanous zones (Ixer et al., 1996). Hydrothermal chloritization and carbonatization forms extensive alteration zones up to 20 metres around the veins.
- Sulphide Only – these veins contain very little quartz and are composed dominantly of galena and chalcopyrite with minor sphalerite, pyrite and arsenopyrite. Gold grades present in the sulphide veins are less than 2 g/t gold and alteration halos are either minimal or absent.

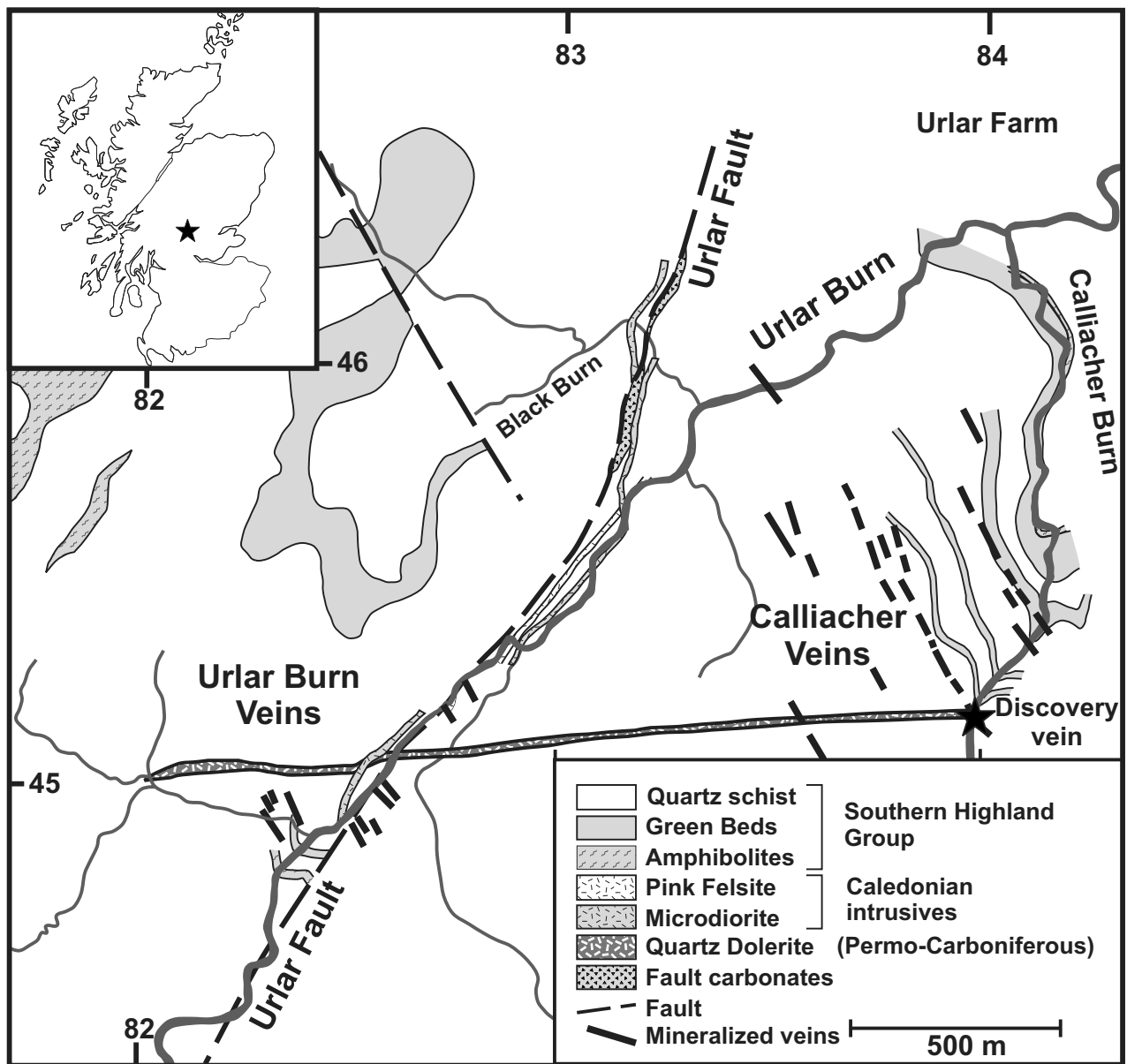
### *Tombuie Prospect*

In 1989, Colby Resources (a Scottish subsidiary of a Canadian company called Colby Gold Plc) discovered gold mineralization in float at the Tombuie Prospect some 5 kilometres west of Calliacher (Figure 6). One float sample taken at Tombuie returned 29 g/t gold (Mason, 1991). The glacial overburden in the area is thick but boulders observed by Mason (1991) indicate veins might be at least 0.75 metres in width.

### *Corrie Buie*

At Corrie Buie (Figure 6) gold mineralization was identified in north-south trending galena-bearing quartz veins cutting a marble unit of the Tayvallich Formation in the uppermost Argyll Group (Smith et al., 2003). Maximum gold concentrations of 6.5 g/t and 404 g/t silver were recorded from a collection of samples taken by Middleton Exploration Services in 1986 (Smith et al., 2003).





**Figure 7:** Geology map of the Calliacher and Urlar vein swarms.

### *Tomnadashan*

Colby Resources sampled old adits at Tomnadashan on the southern shore of Loch Tay some four kilometres north of Corrie Buie (Figure 6). Underground grab samples returned assays of 2.2 g/t gold and 34 g/t silver. Mineralization consists of porphyry-style disseminated and irregular veinlets of pyrite, chalcopyrite, tetrahedrite-tennantite, calcite and quartz hosted in a small Late Caledonian granodiorite and granite intrusion (Pattrick, 1984). Intense sericitization is the dominant form of alteration associated with this mineralization (Mason, 1990a).

### *Milton of Ardtalnaig*

A regional stream sediment programme conducted by the British Geological Survey returned a pan concentrate containing up to 680 ppb gold about two kilometres northeast of Tomnadashan (Figure 6). The gold mineralization at Milton of Ardtalnaig was associated with trial workings for galena dating from the 1880s. In 1990, Colby Resources sampled a stockwork of quartz, barite and galena veins up to four metres in width that cut silicified felsite – a sample assayed 2.79 g/t gold and 10.2 g/t silver (Mason, 1990b).

### *Auchnafree and Glen Quaich*

The British Geological Survey recorded a pan concentrate which averaged 26 ppm gold in the Auchnafree and Glen Quaich areas (Figure 6). Later geological, geochemical and geophysical exploration programmes conducted by Colby Resources between 1985 and 1989 revealed a four-kilometre east-west zone that contained gold concentrations up to 880 g/t gold in heavy mineral concentrates from the River Almond (Smith et al., 2003). Sulphide-rich float blocks in the Auchnafree area contained gold concentrations up to 4.95 g/t (Smith et al., 2003). Alluvial gold is also reported from the River Quaich near Turrerich where a two-ounce gold nugget was found about two hundred years ago (Mason, 1991a).

## **2.2.6 Previous Exploration**

In 1987, Colby Resources Ltd discovered gold mineralization in the area of the Calliacher and Urlar burns (Steiger, 1989a). The following table presents a summary of the exploration work undertaken on the Calliacher vein swarm.

<i>Activity</i>	<i>Period</i>	<i>Description</i>
Shallow soil sampling	1987-88	39 close-spaced samples
Hand augering	1987-88	159 samples
Deep Overburden sampling	1988	968 samples
Deep Overburden samples	1989	1,010 samples
Trenching	1988	1,283 metres (58 trenches)
Trenching	1989	2000 metres (72 trenches)
Bulk Sample	1989	563 kg of oxides /197 kg of sulphides
Diamond Drilling	1990	16 holes (491.6 metres)
Open Stope Development	1990	5.5-metre open stope

Table 2 Summary of previous exploration on Loch Tay gold-silver project

Shallow soil sampling and hand augering were not effective exploration methods in an area with significant glacial overburden. Deep overburden sampling by Pionjar across the strike of the veins led to the identification of 27 anomalous zones. Later excavation of trenches targeting the anomalous zones led to the discovery of ten quartz-sulphide veins of which seven indicated potentially significant gold concentrations. A second-phase of overburden sampling extended the search area and new anomalous areas were identified – to date 89 anomalies remain untested. In 1988, limited ground EM geophysics was used to detect mineralized structures through the overburden but the exercise was considered ineffective and no other geophysical surveys were undertaken (Steiger, 1989a).

### *Trenching*

In 1988 and 1989, Colby Resources undertook an extensive two-phase trenching programme at Calliacher. The first phase of 58 trenches consisted of a total of 1,283 metres and tested deep overburden anomalies and targeted strike extensions to the mineralized lodes on 30-metre

step-outs. The second phase in 1989 consisted of 72 trenches for a total of about 2,000 metres and assisted in establishing the strike extension of existing mineralized veins. Results of these trenching programmes are presented in Appendix IV. Colby considered seven veins to warrant further evaluation. Mineralized widths were narrow ranging from 19 centimetres (averaging 19 g/t gold) to 100 centimetres (one metre averaging 14.35 g/t) but grades were high-ranging from 5.75 g/t (over 26 cms) up to 61.13 g/t gold (over 25 cms). The gold to silver ratio in the trench mineralized-intervals generally ranges between 0.5 and 2 which would only marginally contribute to project economics with the current gold price (US\$437 per ounce) on a 64 times multiple of the silver price (US\$6.78 per ounce) on 18 December 2004.

Somewhat prematurely, before even drill-testing of targets commenced, Colby Resources decided to extract a 760 kilogram bulk sample from three separate veins to undertake milling and metallurgical tests which were conducted at Leeds University. The bulk sample consisted of 563 kg of oxidized material and 197 kg of sulphide material. Results indicated that overall recovery of gold from the oxide material was in the range between 83 and 93%. Gravitational tests on sulphide material indicated that 80% of the gold could be recovered.

#### *Diamond Drilling*

In May and June 1990, Colby Resources drilled some 16 holes for a total of about 492 metres. The drill programme ran into major technical difficulties with core recovery poor through the targeted mineralized zones. It was later clear that target depths were too shallow and intersected highly oxidized and friable vein selvages and alteration rinds of country rock. Furthermore, AMR has only been able to uncover very limited technical data on the drilling despite exhaustive searches and requests. Therefore quality assurance and quality control issues cannot be addressed in relation to the trench or drilling data. There is no information on sample-collection protocols, sample security and preparation procedures or where samples were analysed and whether data was verified with duplicate, check and standard samples.

Drilling could not be reconciled with trenching. Only one reference is made to gold concentrations in drill-core and an attempt at reconciliation with the overlying trench (Mason 1990b). In DDH-17, a 15-centimetre drill-core interval from (11.43 - 11.58 metres) contains only 42 ppb gold and correlated with a 20-centimetre interval in the overlying trench which averaged 18 g/t gold.

Colby Resources excavated an open stope to explain the major discrepancy between trench and drill indicated gold mineralization and it is clear that poor drilling and sampling procedures was largely to blame. Most drill-holes failed to intersect fresh vein material in bedrock and therefore potential gold-bearing material in weathered rock was lost into the returns. This probability could not be tested because sludge samples were not taken during drilling. Later analyses indicated that the remnants of more friable material were gold bearing and that sampling was biased in favour of the more competent parts of the drill-core (Mason, 1990c).

Colby Resources excavated a 5.5-metre open stope on vein 6 in September 1990. Maximum concentrations of gold reported were 714.95 g/t (628 g/t silver) from grab samples taken from highly porous gossanous iron oxides near surface to 75.6 g/t gold (55 g/t silver) in fresh massive sulphides within quartz some four metres below rockhead (Mason, 1990c). A complete summary of assays from this stope is presented in Appendix IV and, although the quality of the data cannot be assured, it appears that the intensity of the gold mineralization indicated in the trenches is supported by the open-stope data and the gold exploration potential of Calliacher vein-swarm has been reconfirmed.

#### **2.2.7 Exploration Potential**

Mesothermal-gold bearing veins in Dalradian rocks of Scotland and Ireland have been explored with varying success over the past thirty years, with renewed interest in the last two years in the Dalradian of Northern Ireland. Such gold-bearing systems can be very high-grade, but are commonly narrow and discontinuous which impacts greatly on strip ratios and the cost of mining. The challenge in the exploration of these vein systems is to establish continuity to generate the tonnage required for a commercial mining operation. It is not uncommon for the nugget-effect in these deposits to be large meaning that closely-spaced drilling at the density required to support a bankable feasibility study can increase costs significantly, while trial-mining demonstrates that gold is present at the required tonnage and grade.

The Calliacher vein swarm has drill-ready exploration targets based on previous trenching and this presents the opportunity to add significant value in the short-term. Furthermore, AMR has recognised that the potential for gold-mineralized vein selvages has not been assessed (Mason, 1990c). AMR intends to specifically target the veins at greater depths where they transect more competent units with the objective of realising greater mineralized widths. The Dalradian rocks in the area are essentially flat-lying alternating units of semi-pelite, pelite and psammities. However, a 100-metre thick psammite unit has been mapped at the Falls Of Moness at an elevation of 270 metres (Figure 7) and if the strata are, as mapped, sub-horizontal this thick competent unit could be at a depth of some 100 metres below surface at Calliacher.

The Loch Tay exploration licence has considerable exploration potential specifically around the Calliacher and Urlar area but also, demonstrated by previous explorers, throughout the extensive licence area. The extensive Loch Tay licence area could be realistically targeted for a small to medium sized resource of between 250,000 and 500,000 ounces of gold. A gold deposit at Calliacher and Urlar could possibly be supplemented by one or more smaller satellite deposits at one of the identified gold prospects within the licence area. One or possibly several small tonnage but high-grade gold deposits could become profitable commercial mining operations either as a stand-alone project or as a cluster of small mines supporting a central processing facility. Profitability of a mining operation could be enhanced if a premium to the gold price can be secured for “Celtic” gold of Scottish origin as demonstrated by Galantas Gold’s trial marketing of “Irish” gold from the Omagh gold project in Northern Ireland.

*Positive Attributes:*

- Potential for discovery of a small high-grade gold deposit which could add significant value to the Company in the medium term;
- Extensive trenching confirmed by trial open stoping on a vein swarm at Calliacher has outlined a high-grade gold mineralizing system with drill-targets not adequately tested by previous drilling;
- Veins at Calliacher may flare-out and widen at a target-depth of some 100 metres or along strike in more competent lithologies;
- It appears that previous explorers may have overlooked the gold potential of altered vein selvages which may add significant width to the mineralized lodes;
- Regional prospectivity is indicated by numerous gold occurrences within the large licence area (300 km<sup>2</sup>) east of Loch Tay;
- Recent technical advances in exploration will lead to greater effectiveness on the ground – specifically ultra-fine stream-sediment sampling to greatly reduce background geochemical dispersion patterns and increase the ability to focus on true anomalies;
- Strong technical senior management team with extensive project-management experience of these mineralizing systems;
- Bulk sampling tests demonstrate relatively simple metallurgy resulting in high recoveries;
- Potential for a premium on the price for gold of Scottish origin which would enhance the value of an already high-grade gold system at Calliacher;
- History of mining in the area.

*Negative Considerations:*

- To date trenching at Calliacher indicates that veins are narrow;
- Similar mesothermal gold mineralizing systems in the Dalradian exhibit variable continuity;
- Exploration licence not yet granted at the time of writing this report but high probability that licence will be granted early in 2005.

### 2.2.8 Exploration Programme and Budget

AMR believes, despite the experience of Colby Resources, that shallow soil sampling may prove to be an effective exploration tool. AMR plans to undertake a short orientation program of shallow soil sampling over known gold mineralization to test the effectiveness of the method. Ground and possibly airborne geophysical surveys (the latter is not budgeted) will be conducted to trace prospective gold-bearing structures under cover. AMR propose to drill a fence of five “head-to-toe” diamond drill-holes across the Calliacher vein swarm. Drill-holes will be inclined at 45° to depths of about 200 metres to intersect the steeply dipping lodes. A further 500 metres of diamond drilling will be budgeted to test new targets defined from an interpretation of geochemical and geophysical surveys.

At the regional scale AMR plan to effectively explore the large licence area by stream sampling the extensive drainage network. The ultra fine sub 200 mesh stream sediment samples will be subjected to low-detection, multi-element analysis to focus in on areas for more detailed exploration. Regional prospecting will also include lithogeochemical sampling of outcrop and float rock samples. A summary of the exploration programme proposed by AMR is presented in the Table below:

<i>Activity</i>	<i>Description</i>
Shallow soil sampling	200 close-spaced samples
Stream sediment sampling	500 samples
Lithogeochemical sampling	50 samples
Ground geophysics	100 line-kilometres of VLF R/EM
Diamond drilling	5 holes for 1000 metres + 500 metres

Table 3 Summary of proposed exploration program for Loch Tay gold-silver project

The budget for the proposed programme is estimated at €0.36 million (£0.26 million) and the breakdown is summarised in the following Table:

<i>Cost Centre</i>	<i>Estimate €'000</i>	<i>Percent of Total Budget</i>
Geology	66.8	18.8%
Technical Support	34.9	9.8%
Office and Utilities	5.3	1.5%
Geochemistry	43.4	12.2%
Geophysics	5.0	1.4%
Drilling	155.6	43.9%
Licence fees/Option Payments	10.0	2.8%
Accommodation & Travel	16.9	4.8%
Contingency 5%	16.9	4.8%
<b>Total</b>	<b>354.8</b>	<b>100%</b>

Table 4 Summary exploration budget proposed for Loch Tay gold-silver project

The Exploration Programme presented by AMR appears to be well structured and appropriate for the style of mineralization targeted. The budgeted costs to undertake the various exploration activities presented appear to be reasonable and comparable with similar types of mineral exploration at this development-stage. The single greatest anticipated cost is for drilling at 58% of AMR’s proposed budget. The author recommends that the airborne geophysical survey be included in the proposed 18-month budget. AMR’s senior management team have considerable exploration experience of these mesothermal gold-bearing vein systems in the Dalradian.

## 3 DESCRIPTION OF EARLY-STAGE GOLD MINERAL PROJECTS IN SCOTLAND AND IRELAND

### 3.2 Overview

AMR has identified five early-stage gold exploration opportunities in both Scotland (2) and Ireland (3) based on conceptual exploration models supported by identified occurrences of gold either in stream sediment, soils or rock. AMR is targeting a range of gold mineralization styles ranging from

mesothermal lode to epithermal to paleoplacer, in a wide variety of host lithologies from volcanics at Borland Glen in Scotland to quartz-pebble conglomerates in the basal Carboniferous of Ireland. The most advanced target is Borland Glen where previous explorers excavated some pits and the British Geological Survey did some limited drill-testing. None of the areas have been systematically explored and most of the areas could be categorised as effectively unexplored. Scotland and Ireland do not have a recent history of commercial gold mining on even a small-scale although two projects in Ireland are either at pre-feasibility or feasibility stage (see Appendix V). Near Aberfeldy, in Scotland a world-class barite mine has been operated and a gold resource has been outlined at Cononish, near Tyndrum. A low level or lack of mining activity existed in Ireland in relation to base metals before the discovery of Irish-style lead-zinc deposits in the late 1950s and early 1960s and Ireland is now currently the world's 6th largest zinc producing country.

The early-stage gold projects outlined below have considerable exploration merit and will be evaluated by standard prospecting methods and procedures for these types of deposits and executed by a technical project team with assistance from advisers and consultants who have extensive experience with these types of deposits.

Exploration licences are pending for the Knapdale and Borland Glen gold projects in Scotland while the exploration licence blocks covering the three gold projects in Ireland have all been granted.

AMR proposes to spend some €200,000 advancing these five early-stage projects over the next 18-month period.

### **3.3 Knapdale Gold Project**

AMR has made application for 237.6 square kilometres of ground at Knapdale, Argyllshire in Scotland targeting mesothermal lode gold. The issuance of these licences is pending (see section 2.2.3 Land Status for Loch Tay Gold Project).

The Knapdale area is at the head of the Kintyre peninsula on the shores of Loch Fyne where gold-bearing quartz veins containing pyrite, chalcopyrite and galena are associated with arsenic and antimony anomalies at Stronchullin (Figure 8). The area is effectively unexplored apart from limited work by the British Geological Survey.

The Stronchullin veins were bulk sampled at around the turn of the twentieth century by the then proprietor and returned gold values of 46 and 37 g/t gold, although 50 kg grab-samples from spoil heaps at the same time returned gold concentrations from 45 to 153 g/t (Gunn et al., 1996; Smith et al., 2003). A review of the existing stream-sediment data indicates that two additional areas of anomalous gold at Torinturk and Stronchullin merit further assessment. AMR have electronically recorded all available data for the Knapdale Gold Project as a prelude to prospect mapping and stream sediment sampling.

### **3.4 Borland Glen Gold Project**

The source for coarse alluvial gold found in the Crieich, Westwater and Hodyclach Burns has not yet been discovered. AMR has made applications to the Crown Mineral Agent (see section 2.2.3 Land Status for Loch Tay Gold Project) for approximately 100 square kilometres of exploration ground at Borland Glen in Perthshire, Scotland (Figure 9). AMR has selected the area for its potential to contain a small to medium-size gold deposit associated with a low-sulphidation epithermal system (Anderson, 1991).

Local Devonian andesitic lavas and pyroclastic rocks and mercury anomalism are associated with the injection of high-level intrusives. Abundant alluvial gold (up to 10mm in diameter), occasionally attached to quartz and lithic fragments and cinnabar (mercury sulphide), further indicates areas with potential for the discovery of a feeder-zone (Bonanza-type) to a low-sulphidation epithermal system.

Detailed pit sampling in the past by Navan Mining revealed that the gold bearing material in the area appeared to be confined to the immediate locality of the Creich Burn channel in an orange, gritty horizon, beneath a purple sticky boulder clay and peat and soil (Anderson, 1991).



Five reconnaissance pits were excavated in the target area but were not located in the channel areas but instead confined to hill and channel sides. There was no detailed pitting at the headwaters of the burn. It appears that the gold bearing target-horizon, previously identified downstream, was not adequately tested. Results from the reconnaissance pitting were good with all of the pits excavated containing several thin (<30 cm) gold-bearing horizons. Mercury and gold values in the deep overburden indicate the prospectivity of the Green Law - Sims Hill ridge to the north and north-east of Borland Glen (Coates et al, 1991) and it is clear that the upper parts of the drainage catchment which drains the Sim's Hill – Black Creich Hill area remains untested.

Limited drilling by the British Geological Survey in the area identified hydrothermal breccias but no gold assays greater than 0.5 g/t gold were reported.

AMR has assembled an exploration database for Borland Glen consisting of stream sediment, deep overburden and drilling data. AMR plans to undertake a deep overburden sampling programme targeting the gold-bearing “Unit 4” horizon in the river channel at 25 to 50-metre intervals using wide thread-power augers or by pitting. AMR will particularly focus exploration prospecting on Rowantree Craig and the ridge that includes Green Law, Sims Hill and Lambs Hill. AMR will undertake BLEG or ultra-fine stream sediment sampling of the network of channels and streams that drain the ridge. Exploration target-areas defined by the BLEG and stream sediment sampling will be followed up by trenching and drilling as appropriate.

### **3.5 Bohaun Gold Project**

Eight exploration licences have been granted to AMR covering the Bohaun gold project area in Counties Galway and Mayo. The licences cover an area of 176.99 km<sup>2</sup> and were granted on 30 June 2004 (Figure 10 and Appendix VI). Prospective attributes for gold include:

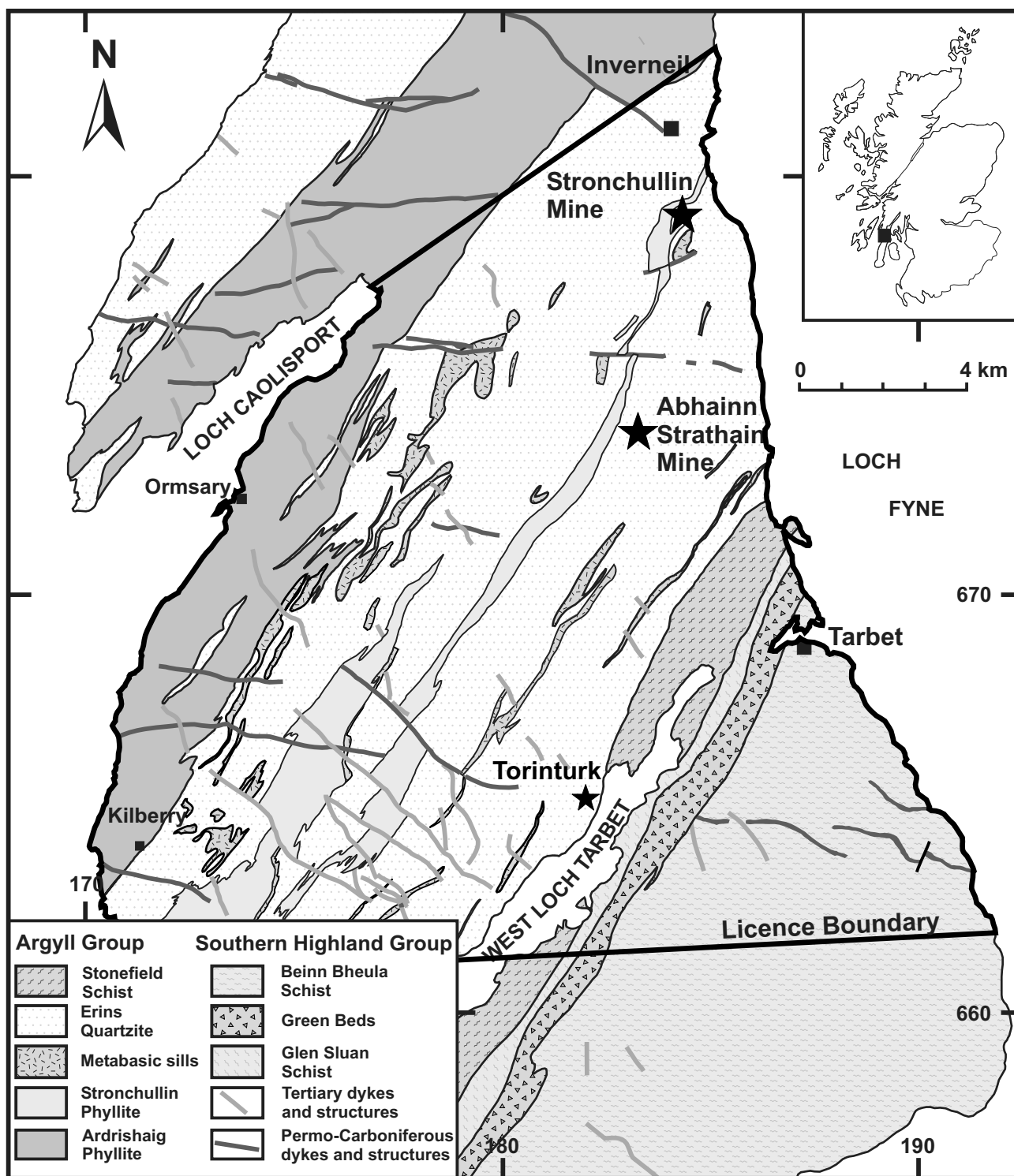
- A silicified and brecciated zone within Silurian grits is some 160 m wide by 1,600 metres long has associated anomalous gold concentrations (peak gold value of 451 ppm gold from vein material) and is related to a north-south trending structure which has been only superficially explored;
- Three shallow drillholes, totalling 170 metres, were drilled by Ovoca Resources plc in the early 1990s. Drilling showed that gold mineralization and quartz-calcite brecciation were present to a depth of 45m. No assays are available for this drilling programme;
- Numerous gold occurrences, gold-bearing outcrop and float rock have been identified in the general area at Cloghbrack, Ballard, Doon Rock and Cornamona;
- Other geochemical anomalies have been identified associated with permissive structures in local Silurian and Dalradian lithologies which have been not been followed up by more detailed exploration;

AMR has proposed the following exploration programme:

- Assemble a spatial electronic relational database of relevant historical exploration data to support drill-target generation;
- Test potential extensions to the known high-grade gold mineralization at Bohaun;
- AMR will conduct detailed soil sampling, deep overburden over the mineralized zone which, subject to encouraging results, will be followed up with trenching and diamond drilling programmes;
- Regional prospecting and sampling will cover four other areas of known gold mineralization.

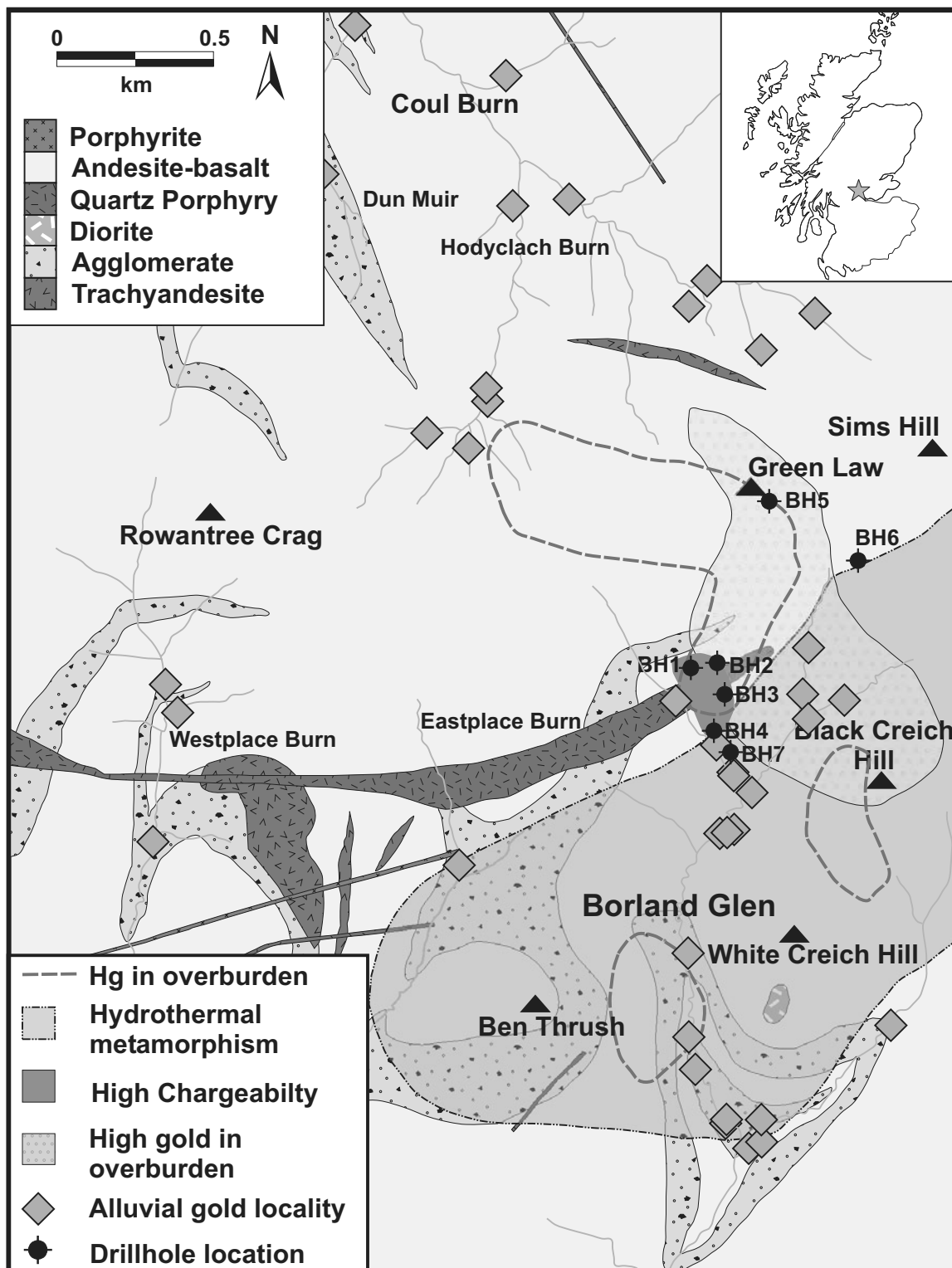
### **3.6 North Limerick-Block – Carbonate-Hosted Gold Project**

Over a third of reconnaissance lithogeochemical sampling taken in five specific areas of the North Limerick-Block project-area returned gold values in the range 6 – 790 ppb. The area is effectively unexplored for gold. The project area has several positive attributes associated with gold mineralization:

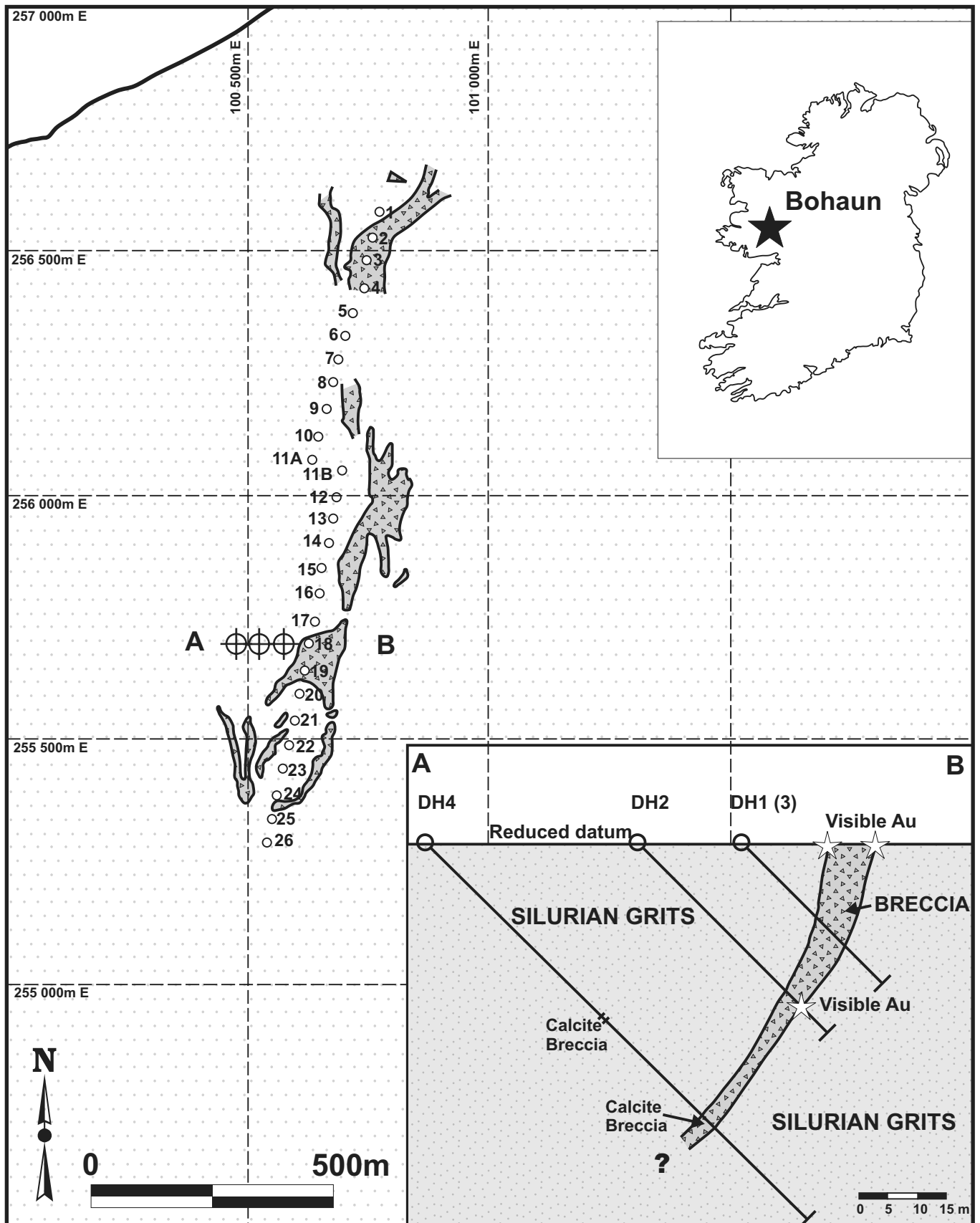


**Figure 8:** Geology map of the Knapdale area with past copper mining activity at Stronchullin and Abhainn Strathain. Both mines contain elevated concentrations of gold in bedrock samples.





**Figure 9:** Geology map of Borland Glen showing distribution of alluvial gold, hydrothermal metamorphism, anomalous mercury in overburden, high chargeability, drillhole locations, and high gold concentrations in overburden.



**Figure 10:** Geological sketch map and cross-section showing the lateral extend of the breccia body and drill hole locations at Bohaun, Co. Galway.

Suitable rocks providing a potential reservoir for gold mineralizing fluids;

- Intrusion by rift related igneous rocks;
- Evidence for hydrothermal fluids (silicification, dolomitization and pyritization) indicating enhanced permeability of potential host-rocks and a potential mineralizing system;
- Elevated concentrations of gold-associated elements such as antimony, arsenic, silver and mercury.

AMR has been granted 10 exploration licences (276.16 km<sup>2</sup>) surrounding in the area of the old Gortdrum Mine in Counties Limerick and Tipperary which were issued on 27 May 2004 (Figure 11 and Appendix VI). AMR has proposed the following exploration programme:

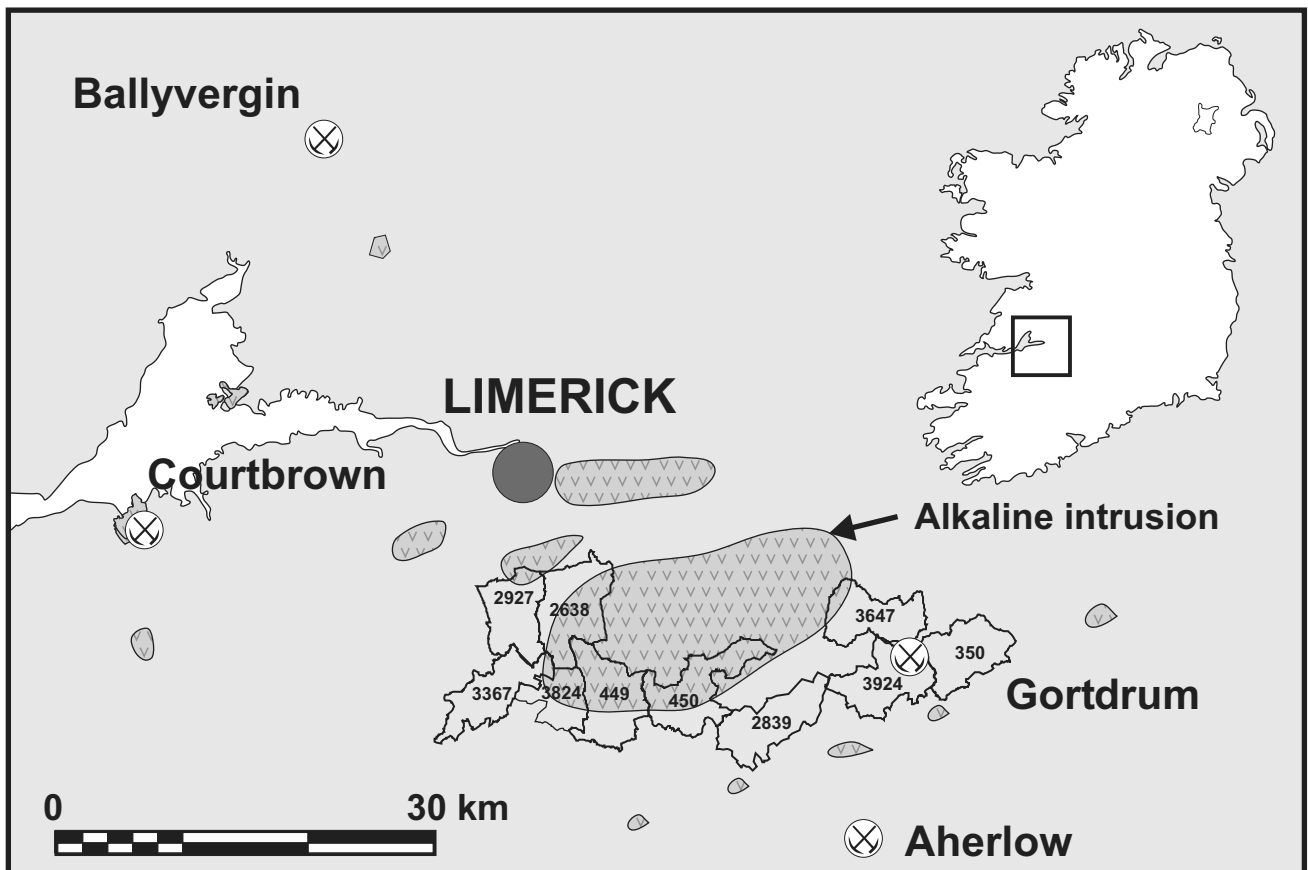
- Assemble a spatial electronic relational database of relevant historical exploration data;
- AMR will conduct highly focused detailed infill sampling;
- Drill-target areas will be identified from prospectivity maps.

### **3.7 Lough Gowna Block Gold Project**

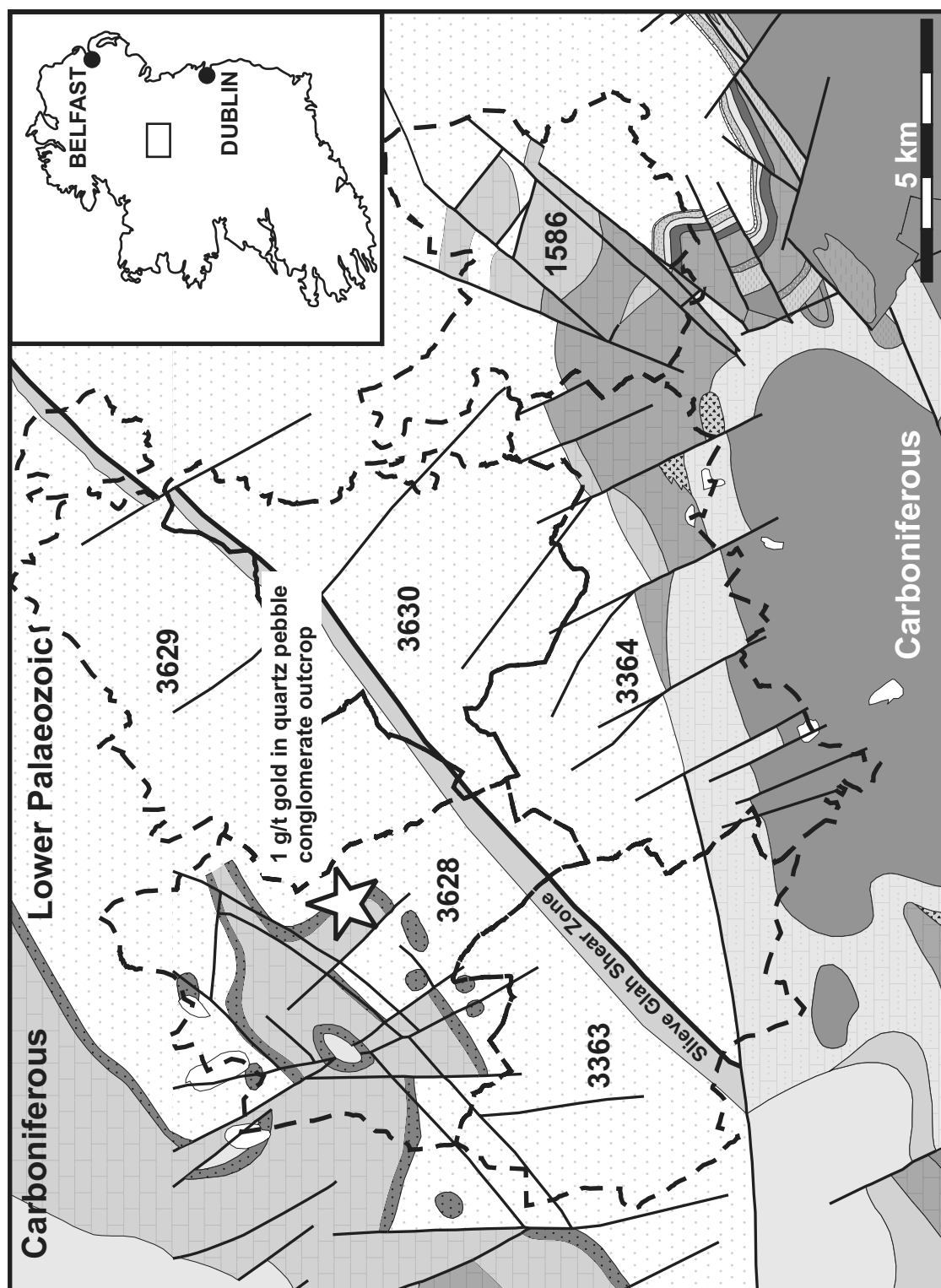
Gold bearing quartz pebble conglomerates have been identified in the Guaige Townland in the lower most part of the Carboniferous unconformably overlying Ordovician and Silurian turbidites which rim the Longford-Down inlier. Gold has been panned from streams in the area and a sample of quartz pebble conglomerate outcrop returned a value of 987 ppb gold. Extensive shallow arsenic soil anomalies have also been recorded in the area (Tara Mines Ltd, 1992; Tara Mines Ltd, 1994).

The Loch Gowna Block gold project consists of six contiguous exploration licences (222.50 km<sup>2</sup>) which lie at the south western end of the Slieve Glah Shear Zone, along the south-western margins of the Longford-Down Inlier, approximately 20km north-east of Longford Town, Co. Longford (Figure 12). Joint applications completing coverage of the target area, surrounding a single exploration licence previously held by Tara Mines, were submitted to the Irish Exploration and Mining Division by AMR and Tara Mines and five Prospecting Licences 1586, 3363, 3628, 3629 and 3630 in Longford and one licence, 1675 in County Leitrim were granted on 30 June 2004 (see Appendix VI).

AMR will assemble a spatial electronic relational database for the project incorporating all historical exploration data relevant to the project. AMR proposes to conduct some limited infill soil sampling and compile prospectivity maps. The exploration effort will focus on the anomalous segments of the quartz-pebble conglomerate target-horizon that will be subjected to detailed geochemical surveys and structural analysis to generate drill-targets.



**Figure 11:** Map illustrating the location of alkaline intrusive and volcanic rocks of the Limerick Basin and the prospecting licences (in red) held by AMR. The former Gortdrum Mine (Cu-Ag-Hg) is present are a number of subeconomic base metal deposits, i.e., Ballyvergin (Cu-Zn), Courtbrown (Zn-Pb) and Aherlow (Cu-Ag).



**Figure 12:** Geology map of the Lough Gowna area showing the location of a basal Carboniferous quartz pebble conglomerates that assayed up to 1 g/t gold. The Lower Palaeozoic rock comprise of Ordovician and Silurian turbidites, whereas the unconformably overlying Carboniferous units are predominantly carbonate lithologies.

## 4 SUMMARY AND CONCLUSIONS

AMR has assembled a portfolio of two advanced and five early-stage exploration projects in Scotland and Ireland. The two most advanced projects at Arthrath and Loch Tay in Scotland will absorb some 80% of AMR's proposed exploration budget over an 18-month period. AMR will target the Arthrath and Loch Tay exploration project-areas for nickel and gold respectively. Previous explorers undertook preliminary drill-testing at Arthrath and at the Calliacher prospect in the Loch Tay licence area but in both cases exploration did not progress to systematic drilling.

Preliminary indications are that the Arthrath magmatic nickel-sulphide deposit is weakly mineralized but AMR's belief is that the Arthrath intrusion could host potentially economic zones of nickel based on recent advances in the understanding of these mineralizing systems as a result of the discovery of the giant Voisey's Bay nickel-copper-cobalt deposit in Labrador in Canada during the mid-1990s. The Arthrath mineralization has never been evaluated for cobalt and platinoids, which are associated with nickel in similar mineralizing systems and could significantly if not substantially boost project economics. The author considers that the adoption of the Voisey's Bay exploration model has considerable merit.

A Canadian exploration company drill-tested a gold-bearing quartz vein swarm at the Calliacher prospect in the Loch Tay gold exploration licence but encountered avoidable technical problems with the drilling which compromised later drill-core sampling. The width of the mineralized lodes may have been underestimated because of poor core recovery and a bias toward the more competent quartz fragments to the exclusion of the more friable but mineralized vein selvages and alteration rinds. Samples from a programme of extensive trenching and from a small open-stope indicate high-grade but narrow mineralized zones with the potential to widen at depth in a more competent host-rock. An early exploration focus in the past on Calliacher has resulted in ignoring the exploration potential of several gold occurrences located throughout the large Loch Tay licence area.

Five early-stage gold exploration projects will be initiated in Scotland and Ireland on ground recently acquired by AMR. Most importantly AMR's senior management has extensive experience and knowledge of exploration for the range of gold mineralisation styles targeted. Conceptual mineralization models adopted by AMR to guide exploration are supported by recorded gold occurrences in streams soils and rock.

### 4.1 Risks and Opportunities

Uncertainty is a pervasive characteristic of the mineral industry and both nickel and gold exploration is a high-risk enterprise to which both prospector and investor are attracted by the anticipation of a commensurate reward. Clearly one of the pervasive risks in the nickel and gold mining industry, apart from the fundamental inherent exploration risk, are commodity prices. The volatility of both the gold and nickel prices over recent years and months may be viewed positively or negatively by an investor depending on, among other things the diversification of an investor's given portfolio and that particular investor's appetite for risk. Several project-risks and opportunities were identified by Irus in the course of evaluating the mineral assets of AMR – the most material are commented on below.

#### 4.1.1 Risks

- Security of tenure – there are two types of risks associated with security of tenure:
  - (i) Mineral rights are privately held over the Arthrath intrusion and AMR has secured mineral rights and access for most of the ground. However, mineral rights and access have not been secured over some areas affecting parts of two of the five identified mineralized zones and this presents probably a low-level/low-impact risk;
  - (ii) Exploration licenses have not yet been granted over the advanced Loch Tay and early-stage Knapdale and Borland Glen gold projects in Scotland. However, it is reasonably expected that these licenses will be issued in early 2005 and therefore this risk is considered to be a low level/high impact risk;
- Quality assurance/Quality control issues are significant in relation to the historical databases for both the advanced Arthrath nickel and Loch Tay gold projects. The impact is primarily related to exploration potential because no mineral resources have been delineated and therefore the risk is considered low level/moderate impact;

#### **4.1.2 Opportunities**

There is an opportunity to add value in the short-term to the Arthrath nickel project where a significant mineralizing system was clearly active if a new exploration approach is successful. There are also drill-targets ready for immediate drilling at the Calliachar gold prospect within the Loch Tay exploration licence. AMR's senior management are highly experienced explorationists and expect to identify highly prospective gold projects elsewhere particularly in Europe where they are acting, or have acted, as consultants and project managers for other exploration companies in several countries.

The structure of the nickel industry is fundamentally changing with a shift from large fully integrated businesses which mine their own ore providing concentrate for their smelters to produce matte for their own refineries. Sulphide mine reserves are declining and smelter owners are forced to source external supplies of concentrate. This new dynamic in the nickel concentrate market, which is showing steady growth, has enabled the development of several small sulphide resources none of which could support a smelter in their own right (source Brook Hunt – Nickel Industry Costs to 2015, 2004 edition).

#### **4.2 Concluding Remarks**

This Report has involved the evaluation of certain mineral assets in Scotland related to perceived exploration potential. The review has been undertaken in a diligent and systematic manner and is based on the extensive experience of the author of this Report. There remains a significant and unavoidable element of subjectivity involved in undertaking this evaluation. This subjectivity is particularly relevant when assessing the less tangible attributes of mineral assets such as exploration potential. The evaluation of exploration potential constitutes a considerable proportion of this Report in the absence of any mineral resources, mine development plans or operating data. Nevertheless, Irus considers the evaluation of the various mineral-assets, set out in this Competent Person's Report for the purposes set out in Section 2.1, to be fair, reasonable and reliable.

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Principal  
Irus Consulting



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## APPENDIX I

### ARTHRATH MINERAL-RIGHTS-OPTION AND ACCESS AGREEMENTS

**Table 1.1a: Mineral Rights Options and Land Access agreements secured at Arthrath, Scotland**

<i>Area</i>	<i>Area (sq km)</i>	<i>Commencement Date</i>	<i>Expiry Date</i>
1	19.97	7th August 2004	6th August 2009
2	0.60	7th August 2004	6th August 2009
3	1.15	7th August 2004	6th August 2009
4	0.85	7th August 2004	6th August 2009
5	0.41	7th August 2004	6th August 2009
6	0.46	7th August 2004	6th August 2009
7	0.59	7th August 2004	6th August 2009

**Table 1.1b: Land Access agreements only secured at Arthrath Scotland**

<i>Area</i>	<i>Area (sq km)</i>	<i>Commencement Date</i>	<i>Expiry Date</i>
8	0.81	7th August 2004	6th August 2007
9	0.23	7th August 2004	6th August 2009

**Table 1.1c: Mineral Rights Options pending at Arthrath, Scotland**

<i>Area</i>	<i>Area (sq km)</i>	<i>Commencement Date</i>	<i>Expiry Date</i>
10	3.97	Under negotiation	Under negotiation

## APPENDIX II

### SUMMARY OF ARTHRATH DIAMOND DRILLING RESULTS

#### *Zone 1*

This anomalous zone is the westernmost zone where six drill-holes were completed. AD10 (vertical) AD 14,15 & 16 (inclined to the south) and AD 29 and 30 (inclined to the north). Assay information is not available for AD10 and AD14, 15 and 16 and 30 but generally holes intersected weak mineralization over variable thickness with maximum sulphide content visually estimated at 7% or below. Most importantly potentially economic grades of nickel were not intersected even over narrow intervals.

#### *Zone 2E*

The preponderance of drilling was in Zone 2E where 12 holes out of 36 were drilled. The first hole drilled in this area was weakly mineralized almost throughout the entire drill-hole. Over 202 metres or some 84% of the core AD1 averaged 0.2% Ni and 0.12% Cu including almost 13 metres averaging 0.36% Ni and 0.13% Cu from 38 metres and 0.76 metres averaging 0.7% Ni and 2.25% Cu from 78.5 metres. Subsequently hole AD4 was drilled but it is not known if the hole intersected any mineralization. Three drill-holes AD6, 7 and 8 were drilled inclined to the south, north and south to depths of 164.7, 119.5 and 169 metres respectively. AD6 and AD8 intersected wide intervals of weak mineralization 66 metres @0.2% Ni and 69 metres averaging 0.1% Ni. It is not known if AD7 intersected any mineralization as logs have no record of sulphide or assay values for nickel and copper.

#### *Zone 3E*

Only two holes were drilled in this central zone, AD31 drilled inclined the south-east to a depth of 203.6 metres and a shallow hole AD35 inclined to the north to a depth of 56.1 metres and which was unmineralized. AD 31, intersected 16.33 metres averaging 0.37% Ni and 0.26% Cu from 80 metres.

#### *Zone 4E*

Some six drill-holes were completed targeting this anomalous zone. Holes AD2 and 3 were completed in Zone 4E prior to the drilling of AD4 in Zone 2E, whereupon drilling returned to Zone 4E with the drilling of AD5. Drill testing Zone 4E was finally completed with drill-hole AD32 near the end of the drill campaign in the Arthrath area. Drill-holes AD2 and 3 intersected broad zones (90 – 140 metres averaging 0.1% Ni and less than 0.1% Cu. It is not known if drill-hole AD5 intersected any mineralization as the log has no record of sulphide or assay values for nickel or copper. Drill-hole AD32 intersected weakly mineralized intervals varying from 6 to 16 metres with maximum average grades below 0.2% Ni.

#### *Zone 5E*

The most systematic drilling was completed in Zone 5E where nine drill-holes (AD11, and AD17-24) were completed inclined both to the north and south over a 500-metre strike segment. The soil anomaly over Zone 5E is smaller and significantly weaker which has implications for future exploration. Best intersections were encountered in AD11 (6.1 metres averaging 0.5% Ni, 0.37% Cu from 47 metres and 8.5 metres averaging 0.32% Ni, 0.38% Cu from 78 metres) and AD17 (32 metres averaging 0.34% Ni, 0.28% Cu from 18.6 metres. Nickel and Copper assays are not available for AD18 20, 21 and 24 are not available but it was noted that an intersection of 18.7 metres from 93.8 metres depth was estimated to contain some 30% sulphides in AD20. Correlation plots for drill-holes AD11 and AD17 relating total sulphides by volume from visual inspection to percentage nickel indicate that 30% sulphides in core might roughly equate to between 0.4% and 0.55% Ni and similar copper values.

A series of five holes drilled at 45° AD25 – AD28 and to the north-west apparently to test the contact between the magnetic hornfels and metasediments with the intrusion. Best intersections were 10 metres averaging 0.5% Ni and 0.3% Cu from 102 metres and 4.5 metres averaging 0.5% Ni and 0.4% Cu from 175 metres in contaminated norite contained within a weak broad mineralized zone of some 151 metres averaging 0.2% Ni and 0.2% Cu from 35 metres in AD25. The drill log is missing for AD26 and AD27 intersected 0.5 metres averaging 1.42% Ni and 0.9% Cu from 134 metres apart from two weakly mineralized intervals of 10 and 8 metres averaging 0.2% Ni. AD28 intersected mineralized intervals varying from 2 to 6 metres in width but both averaging 0.2% Ni or less. Drill-hole AD33 intersected 6 metres averaging 0.3% Ni and 0.26% Cu from 141.6 metres and 5 metres averaging 0.45% Ni and 0.21% Cu from 201.6 metres with weaker mineralized between varying from six to 28 metres in width averaging below 0.27% Ni and 0.2% Cu. AD34 intersected 6 metres averaging 0.25% Ni and 0.36% Cu and 8 metres averaging 0.3% Ni and 0.22% Cu from depths of 131.65 and 181.2 metres respectively.

**APPENDIX III**  
**LETTER FROM WARDELL ARMSTRONG**



**Wardell Armstrong**  
Engineering & Environmental Solutions

Our ref: KJB/CHB/CL/NL01700J16 Robb kjb.doc  
Your ref:

Date: 23 December 2003

W S Robb Esq  
Exploration Manager  
Aurum Mineral Resources  
Ormonde House  
Metges Lane  
Navan  
Co Meath  
Ireland

Dear Mr Robb

**Mines Royal Licences - Scotland**

Thank you for your letter of 10 December 2003 with enclosures.

Your interest in 3 areas namely Aberfeldy, Knapdale and Ochill Hills is noted.

Due to the review of licensing procedures, I am not able to progress your application. I anticipate completion of the review in the first part of 2004 and will contact you at that time. In the interim your interest is recorded and will be held on file. Any other applicants will be informed that you have stated an interest and that your application will be given priority over their later application.

As and when we are in a position to proceed, I will need details of your company, its financial position and the likely expenditure to be committed to the exploration.

I trust the above is of assistance and will write further once the review is complete.

Yours sincerely

  
pp **K J BATE**  
**Crown Mineral Agent**

kbate@wardell-armstrong.com

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## APPENDIX IV

### CALLIACHER TRENCH, DRILLING AND OPEN-STOPE DATA

**Table 4.1: Results of 1989 trenching program at Calliacher**

<i>Zone</i>	<i>Location</i>	<i>Width</i>	<i>Strike</i>	<i>Au g/t</i>	<i>Ag g/t</i>
I	T1c-5.0	0.82	33.10	8.89	8.07
Ia	T1c-T1i	1.00	16.00	13.20	7.92
Ib	T1e-T1i	1.00	14.00	14.35	8.66
II	33.5 - 36.5	0.33	6.10	25.02	17.66
IIa	33.5	0.33	3.25	41.50	26.50
III	54.0 - 57.0	0.38	8.00	11.29	20.37
IIIa	54	0.38	4.00	46.88	32.60
IV	66.0 - 111	0.35	46.10	13.28	27.15
IVa	75.5 - 85.0	0.21	15.50	33.26	54.64
IVb	104.0 - T6	0.63	7.00	16.47	30.78
IVc	85	0.25	3.25	61.13	71.40
IVd	T6	1.00	3.50	13.78	34.20
V	164 - 183	0.19	23.25	19.10	36.49
VI	202 - 208	0.26	8.55	5.75	12.49
VII	220 - 223	0.43	5.75	13.81	7.06
VIIa	220	0.65	2.75	16.24	8.20
VIII	228 - 250	0.57	22.00	9.17	13.08
VIIIa	235 - T10a	0.71	5.45	20.31	12.83
IX	253 - 260	0.57	8.25	8.31	6.11
IXa	253	0.65	2.00	13.73	7.90

Roman numerals refer to trench number, e.g., III subsequently renamed V3.

**Table 4.2: Summary of drilling at Calliacher**

<i>Hole No.</i>	<i>Length (m)</i>	<i>Azimuth (degrees)</i>	<i>Collar Dip (degrees)</i>	<i>End Dip to vein)</i>	<i>Distance (m) (collar)</i>	<i>Start</i>	<i>Finish</i>
Ca90-25	31	41	-45	-	15	15/05/1990	15/05/1990
Ca90-24	25.3	230	-45	-60	12	16/05/1990	17/05/1990
Ca90-16	29.2	229	-45	-64	15	18/05/1990	19/05/1990
Ca90-18	25.3	228	-45	-57.5	7.2	21/05/1990	22/05/1990
Ca90-17	15.8	238	-45	-61	9.2	22/05/1990	23/05/1990
Ca90-17a	28	238	-65	-76	9.2	24/05/1990	24/05/1990
Ca90-19	25.9	240	-45	-	14.9	25/05/1990	25/05/1990
Ca90-20	25.9	238	-45	-60	5.5	26/05/1990	28/05/1990
Ca90-4	25.3	240	-45	-54	15	28/05/1990	29/05/1990
Ca90-5a	42.5	242	-80	-84	8	30/05/1990	31/05/1990
Ca90-5	15.2	242	-45	-62	8	01/06/1990	02/06/1990
Ca90-6	16.5	232	-45	-60	15	04/06/1990	04/06/1990
Ca90-7	25	228	-45	-59	15	05/06/1990	06/06/1990
Ca90-23	41.8	236	-45	-62	15	07/06/1990	09/06/1990
Ca90-22	42.7	236	-45	-60	15	11/06/1990	13/06/1990
Ca90-23*	76.2	237	-45	64	15	14/06/1990	17/06/1990

\*Ca90-23 appears to have been drilled twice. No information is presented in reports by Colby Resources to explain the reason for this duplication.

**Table 4.3: Results of open stope sampling of V6 (Vein 6), Calliacher Burn.**

<i>Depth (m)</i>	<i>Vein width (m)</i>	<i>Sample ID</i>	<i>Au (ppm)</i>	<i>Ag (ppm)</i>	<i>Mineralogy</i>
Surface	-	V6-23	715.0	628	Loose, very light porous iron oxide
Surface	-	V6-24	431.6	893	Reddish iron oxide with galena
Surface	-	V6-25	424.5	505	Yellow clay, microboxwork texture
Surface	-	V6-26	42.7	43	As 1989 sample: boxwork quartz
0.50	0.30	V6-16	477.7	567	Sandy iron oxide, yellow clay, part oxidized galena and minor quartz
1.00	0.20	V6-21	292.5	524	Sandy iron oxide with small masses of decomposing pyrite and part oxidized galena. Minor fine-grained arsenopyrite and quartz
1.50	0.15	V6-22	267.4	451	Sandy iron oxide with small masses of decomposing pyrite and part oxidized galena. Minor fine-grained arsenopyrite and quartz
2.20	0.20	V6-27	182.5	332	Mixture of pyrite and iron oxide sand with lumps of galena, minor arsenopyrite and quartz
2.80	0.20	V6-28	162.9	250	Pyrite as a disaggregated sand with moderate iron oxide and lumps of galena. Minor arsenopyrite and quartz.
3.40	0.20	V6-29	75.6	55	Massive but friable pyrite with intergrown galena; minor arsenopyrite and quartz.

## APPENDIX V

### SOME OTHER DALRADIAN MESOTHERMAL GOLD DEPOSITS FOR COMPARISON

At Cavanca near Omagh in County Tyrone, Ireland (Fig 2 Vol III) Galantas Gold (formerly European Gold) has a NI-43101 compliant measured resource of 56,414 tonnes at a grade of 11.03 gm/tonne gold (20,008 contained ounces of gold) and an indicated resource over the same strike length of 58,363 tonnes at 11.03 gm/tonne (some 20,700 contained ounces of gold) both at a cut-off of 3g/t gold - source Galantas Gold website. Based on this resource inventory Galantas is planning to put Ireland's first producing gold mine into production using selective open-pit mining methods.

The global resource inventory for the Omagh Gold project is some 447, 417 ounces of gold at a cut-off of 1g/t gold breaks down as follows:

#### Resources and Reserves

##### **Kearney Ore body**

Proven/Probable Ore Reserve	367,310 tonnes at 7.52 g/t for 88,827 ounces of gold
Indicated Resources	1, 183, 830 tonnes at 7.02 g/t for 267,150 ounces of gold

##### **Other Deposits**

Indicated Resource	328,820 tonnes at 6.72 g/t for 71,041 ounces of gold
Inferred Resource	135,500 tonnes at 4.68 g/t for 20,399 ounces of gold

(Source: ACA Howe International Limited, July 2003 Geological Report and Exploration Potential)

At current gold prices only some 40,000 ounces of gold or about 9% of the global resource inventory is at sufficient grade and continuity to support a small-scale mining operation.

At Curraghinalt, Tournigan Gold is proceeding with a pre-feasibility study of the their gold project based on a result of a new resource estimate compliant with Canadian National Instrument Policy 43-101 which was being estimated at the time of writing this report. A previous resource estimate in 1997 estimated some 250,000 ounces within 470,000 tonnes averaging 17.3 g/t gold but this resource is uncategorized and is not compliant with accepted international codes on reporting of mineral resources. Exploration at Curraghinalt has involved some 2,800 metres of trenching, 17,800 metres of drilling and 700 metres of underground development.



## APPENDIX VI

### TENEMENT SCHEDULES FOR AMR'S IRISH GOLD PROJECTS

**Table 6.1: Bohaun Block licence details**

<i>PL</i>	<i>County</i>	<i>Area</i>	<i>Issue Date</i>	<i>Expiry Date</i>	<i>Licencee</i>
2295	Galway	11.08	30/06/2004	29/06/2006	Aurum Mineral Resources
2645	Mayo	15.27	30/06/2004	29/06/2006	Aurum Mineral Resources
2646	Galway	25.98	30/06/2004	29/06/2006	Aurum Mineral Resources
2647	Galway	18.85	30/06/2004	29/06/2006	Aurum Mineral Resources
3169	Galway	20.02	30/06/2004	29/06/2006	Aurum Mineral Resources
3170	Galway	34.41	30/06/2004	29/06/2006	Aurum Mineral Resources
3422	Galway	16.27	30/06/2004	29/06/2006	Aurum Mineral Resources
3467	Mayo	35.11	30/06/2004	29/06/2006	Aurum Mineral Resources

Total area of licence area is 176.99 km<sup>2</sup>

**Table 6.2: Lough Gowna Block licence details**

<i>PL</i>	<i>County</i>	<i>Area</i>	<i>Issue Date</i>	<i>End Date</i>	<i>Licencee</i>
1586	Longford	28.84	30/06/2004	29/06/2006	Aurum Mineral Resources & Tara Mines
1675	Leitrim	52.76	30/06/2004	29/06/2006	Aurum Mineral Resources & Tara Mines
3363	Longford	34.89	30/06/2004	29/06/2006	Aurum Mineral Resources & Tara Mines
3628	Longford	38.38	30/06/2004	29/06/2006	Aurum Mineral Resources & Tara Mines
3629	Longford	36.33	30/06/2004	29/06/2006	Aurum Mineral Resources & Tara Mines
3630	Longford	31.3	30/06/2004	29/06/2006	Aurum Mineral Resources & Tara Mines

Total area of licence area is 222.50 km<sup>2</sup>

**Table 6.3: North Limerick Block licence details**

<i>PL</i>	<i>County</i>	<i>Area</i>	<i>Issue Date</i>	<i>End Date</i>	<i>Licencee</i>
350	Tipperary	26.11	27/05/2004	26/05/2006	Aurum Mineral Resources
449	Limerick	29.66	27/05/2004	26/05/2006	Aurum Mineral Resources
450	Limerick	31.62	27/05/2004	26/05/2006	Aurum Mineral Resources
2638	Limerick	33.71	27/05/2004	26/05/2006	Aurum Mineral Resources
2927	Limerick	26.15	27/05/2004	26/05/2006	Aurum Mineral Resources
3367	Limerick	26.19	27/05/2004	26/05/2006	Aurum Mineral Resources
3647	Limerick	26.24	27/05/2004	26/05/2006	Aurum Mineral Resources
2839	Tipperary	27.92	27/05/2004	26/05/2006	Aurum Mineral Resources
3824	Limerick	17.11	27/05/2004	26/05/2006	Aurum Mineral Resources
3924	Tipperary & Limerick	31.45	27/05/2004	26/05/2006	Aurum Mineral Resources

Total area of licence area is 276.16 km<sup>2</sup>

**PART IV**  
**ACCOUNTANTS' REPORT**  
**PART A**

**Nexia Audit**  
— · Limited · —

The Directors  
City Financial Associates Limited  
6 Laurence Pountney Hill  
London EC4R 0BL

24 March 2005

The Directors  
Alba Mineral Resources plc  
46 Maddox Street  
London W1S 1QA

Dear Sirs

**Aurum Mineral Resources Limited (“Aurum”)**

We report on the financial information set out below. This financial information has been prepared for inclusion in the Admission Document dated 24 March 2005 relating to the admission to AIM of Alba Mineral Resources plc.

**Basis of preparation**

The financial information set out on pages 74 to 76 is extracted without material adjustment from the unaudited financial records of Aurum Mineral Resources Limited for the nine month period ended 31 January 2005 and the initial period ended 30 April 2004. It has been drafted in accordance with accounting policies adopted by Aurum Mineral Resources Limited, which maintains its records in accordance with accounting standards generally accepted in Ireland. The financial information set out is presented in accordance with United Kingdom Generally Accepted Accounting Principles. No audited financial statements have been prepared for submission to members in respect of any period since incorporation due to the availability of exemptions from such submission.

**Responsibility**

The financial records and financial information are the responsibility of the directors of Aurum. The directors of the Alba Mineral Resources plc are responsible for the contents of the Admission Document in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you. Our work has been undertaken so that we might state those matters that we are required to state in our report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone for any other purpose for our work, this report or for the opinions we have formed.

**Basis of opinion**

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial records underlying the financial information and whether the accounting policies are appropriate to Aurum, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

## Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document dated 24 March 2005, a true and fair view of the state of affairs of Aurum at the date stated.

## Consent

We consent to the inclusion in the Admission Document of this report and accept responsibility for this report for the purposes of paragraph 45(1)(b) of Schedule 1 to the Public Offers of Securities Regulations 1995.

## PROFIT AND LOSS ACCOUNT

	<i>Note</i>	<i>Period ended 30 April 2004 €</i>	<i>Period ended 31 January 2005 €</i>
Turnover		—	—
Cost of sales		(4,636)	(22,818)
<b>GROSS LOSS</b>		<u>(4,636)</u>	<u>(22,818)</u>
Operating expenses		(2,042)	(12,461)
<b>OPERATING LOSS</b>		<u>(6,678)</u>	<u>(35,279)</u>
Interest payable and similar charges		(32)	(22)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(6,710)</u>	<u>(35,301)</u>

## BALANCE SHEET

	<i>Note</i>	<i>30 April 2004 €</i>	<i>31 January 2005 €</i>
<b>FIXED ASSETS</b>			
Intangible assets	2	20,481	98,004
<b>CURRENT ASSETS</b>			
Debtors	3	2,224	11,615
Cash		122,734	34,606
		<u>124,958</u>	<u>46,221</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	4	(12,009)	(47,352)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>112,949</u>	<u>(1,131)</u>
<b>NET ASSETS</b>		<u>133,430</u>	<u>96,873</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	5	200	200
Share premium account		139,940	138,684
Profit & loss account		(6,710)	(42,011)
	6	<u>133,430</u>	<u>96,873</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

#### (a) Basis of preparation

The financial information has been prepared in accordance with applicable accounting standards.

#### (b) Cash flow statement

As company meets the size criteria for a small company it has taken advantage of the exemption within FRS1: Cash flow statements not to prepare a cash flow statement.

#### (c) Intangible assets

Cost relating to exploration and appraisal of mineral resources which the directors consider to be unevaluated are initially held outside the cost pool as intangible fixed assets. These costs are reassessed at each year end and at the conclusion of an appraisal programme the related costs are transferred to the full cost pool within fixed assets.

#### (d) Taxation

The charge for taxation is based on the profit for the period. Deferred taxation is accounted for in respect of timing differences between profit as computed for taxation purposes and profits as stated in the financial statements to the extent that such differences are expected to reverse in the foreseeable future.

### 2. INTANGIBLE FIXED ASSETS

	€
Additions and as at 30 April 2004	20,481
Additions for the period ended 31 January 2005	77,523
At 31 January 2005	<u>98,004</u>

### 3. DEBTORS

	30 April 2004	31 January 2005
	€	€
VAT	2,084	11,475
Other debtors & prepayments	140	140
	<u>2,224</u>	<u>11,615</u>

### 4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 April 2004	31 January 2005
	€	€
Trade creditors	12,009	47,352

### 5. SHARE CAPITAL

	30 April 2004	31 January 2005
	€	€
<b>Authorised</b>		
100,000 ordinary shares of €1 each	100,000	100,000
<b>Allotted, called up and fully paid</b>		
200 ordinary shares of €1 each	200	200

## 6. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	30 April 2004 €	31 January 2005 €
Loss for the year	(6,710)	(35,301)
Net proceeds of equity share issue	140,140	(1,256)
	<u>133,430</u>	<u>(36,557)</u>
Opening shareholders funds	—	133,430
Closing shareholders funds	<u>133,430</u>	<u>96,873</u>

## 7. RELATED PARTY TRANSACTIONS

During the period ended 31 January 2005 the company was charged €83,375 (period ended 30 April 2004: €2,009) by Aurum Exploration Limited, in which both S Archibald and W Robb have an interest. At 31 January 2005, the balance owed to Aurum Exploration Limited was €38,716 (period ended 30 April 2004: €12,009).

## 8. POST BALANCE SHEET EVENTS

Additional information regarding Aurum and post balance sheet events including its acquisition by Alba Mineral Resources plc is given in Part V paragraphs 1.2, 5.4, 5.6 and 7.4 of the Admission Document.

Yours faithfully

**Nexia Audit Limited**  
*Chartered Accountants*

No 1 Riding House Street  
London W1A 3AS

## PART B

# Nexia Audit

— · Limited · —

The Directors  
City Financial Associates Limited  
6 Laurence Pountney Hill  
London EC4R 0BL

24 March 2005

The Directors  
Alba Mineral Resources plc  
46 Maddox Street  
London W1S 1QA

Dear Sirs

### **Alba Mineral Resources plc (“the Company”)**

We report on the financial information set out below. This financial information has been prepared for inclusion in the Admission Document dated 24 March 2005 relating to the admission to AIM of the Company.

The Company was incorporated on 12 November 2004. The Company has not traded, prepared any financial statements for presentation to members, incurred neither profit nor loss, and has neither declared dividends nor paid dividends or made any other distributions since the date of incorporation. There have been no transactions other than the issue of shares described below. Accordingly no profit and loss or cashflow information is present in this report.

### **Basis of preparation**

The financial information set out on pages 78 to 79 is extracted without material adjustment from the unaudited financial records of Alba Mineral Resources plc for the period ended 28 February 2005. It has been drafted in accordance with accounting policies adopted by Alba Mineral Resources plc and is presented in accordance with United Kingdom Generally Accepted Accounting Principles. No audited financial statements have been prepared for submission to members in respect of any period since incorporation.

### **Responsibility**

The financial records and financial information are the responsibility of the directors of the Company. The directors of the Company are responsible for the contents of the Admission Document in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you. Our work has been undertaken so that we might state those matters that we are required to state in our report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone for any other purpose for our work, this report or for the opinions we have formed.

### **Basis of opinion**

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial records underlying the financial information and whether the accounting policies are appropriate to the Company, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

## Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document dated 24 March 2005, a true and fair view of the state of affairs of the Company at the date stated.

## Consent

We consent to the inclusion in the Admission Document of this report and accept responsibility for this report for the purposes of paragraph 45(1)(b) of Schedule 1 to the Public Offers of Securities Regulations 1995.

## BALANCE SHEET

		<i>Period ended</i> <i>28 February</i> <i>2005</i>
	<i>Note</i>	<i>£</i>
<b>CURRENT ASSETS</b>		
Cash		24,725
Debtors		
— Allotted share capital	2	3,401
<b>NET ASSETS</b>		<u>28,126</u>
 <b>CAPITAL AND RESERVES</b>		
Called up share capital	3	<u>28,126</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

#### (a) Basis of preparation

The financial information has been prepared in accordance with applicable accounting standards.

#### (b) Basis of accounting

The financial statements are prepared under the historical cost convention and on a going concern basis.

### 2. ALLOTTED SHARE CAPITAL

A cheque was received in respect of the allotted share capital debtor on 9 March 2005.

### 3. SHARE CAPITAL

	<i>Period ended</i> <i>28 February 2005</i> <i>£</i>
<b>Authorised</b>	
157,500,000 1p ordinary shares	<u>1,575,000</u>
<b>Allotted</b>	
2,812,600 1p ordinary shares	<u>28,126</u>

On incorporation the company's authorised share capital was 1,000 £1 ordinary shares, one of which was issued, nil paid, to the subscriber to the memorandum of association. On 25 February 2005 the existing issued share of £1 was sub-divided into 100 new ordinary shares of 1p each. On the same date, the company's authorised share capital was increased to 157,500,000 ordinary shares of 1p each. Also on this date the company issued 2,812,500 1p ordinary shares at par.



On 25 February the Company also resolved to authorise the directors to capitalise £312,500 from the share premium account of the Company which may arise on the placing of shares on admission to AIM, to be issued at par and distributed to shareholders, including directors, on the share register on the date on which the holders of the Ordinary Shares allotted by the Company as consideration under the share exchange agreement relating to the acquisition of Aurum Mineral Resources Limited are so registered on the basis of 4 new ordinary shares for every 1 ordinary share held. Authority was also given by special resolution to allot up to 20,031,250 warrants.

#### 4. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	<i>Period ended 28 February 2005</i>
	<i>£</i>
Issue of share capital	28,126
Closing shareholder's funds	<u>28,126</u>

The company was incorporated on 12 November 2004, with the issue of 1 £1 ordinary share at par. On 25 February 2005 the company issued 2,812,500 1p ordinary shares at par.

#### 5. POST BALANCE SHEET EVENTS

On 4 March 2005 the company entered into a sale and purchase agreement for the acquisition of Aurum Mineral Resources Limited, a company incorporated in Ireland, by way of an issue of 5,000,000 ordinary shares of 1p each credited as fully paid at 5p per Share to the shareholders of Aurum Mineral Resources Limited. Additional information regarding Aurum Mineral Resources Limited is given on pages 73 to 76 of the Admission Document.

By deed poll executed on 23 March 2005 the Company constituted up to 20,031,250 Warrants to subscribe for new ordinary shares at a price of 5.25p per ordinary share.

Additional information regarding the Company, including its share capital, the constitution of warrants and post balance sheet events is given in Part V sections 1 to 7 of the Admission Document.

Yours faithfully

**Nexia Audit Limited**  
*Chartered Accountants*

No 1 Riding House Street  
London W1A 3AS

## **PART V**

### **ADDITIONAL INFORMATION**

#### **1 The Company and its Subsidiary**

##### **1.1 The Company**

- (a) The Company was incorporated on 12 November 2004 in England and Wales as a private limited company under the Act with registered number 5285814 under the name Astrobrook Limited. The principal legislation under which the Company operates is the Act.
- (b) On 19 January 2005, the Company changed its name to Alba Mineral Resources Limited.
- (c) On 10 March 2005, the Company re-registered as a public company.
- (d) The Company's registered office is 1st Floor, 46 Maddox Street, London W1S 1QA.
- (e) The liability of the members of the Company is limited.

##### **1.2 The Subsidiary**

The Company is the holding company of Aurum Mineral Resources Limited, a wholly-owned subsidiary of the Company, incorporated on 26 June 2003 in the Republic of Ireland with company number EI 372825.

#### **2 Share capital of the Company**

##### **2.1 Since incorporation, the following changes to the authorised and issued share capital of the Company have taken place:**

- (a) On incorporation, the authorised share capital of the Company was £1,000 divided into 1,000 ordinary shares of £1 each, one of which was issued, nil paid, to the subscriber to the memorandum of association.
- (b) On 21 December 2004, the one subscriber share of £1 was transferred to Lance O'Neill for a price of £1.00.
- (c) On 25 February 2005, the following written resolutions were passed by the Company's shareholders.
  - (A) an Ordinary Resolution to sub-divide each ordinary share of £1 in the authorised and issued share capital of the Company into 100 new Ordinary Shares of 1p each.
  - (B) an Ordinary Resolution to increase the Company's authorised share capital from £1,000 to £1,575,000 by the creation of a further 157,400,000 Ordinary Shares of 1p each.
  - (C) an Ordinary Resolution to authorise the Directors pursuant to section 80 of the Act, to allot relevant securities up to an aggregate nominal amount equal to the entire authorised but unissued share capital of the Company provided that the authority shall expire upon the earlier of the conclusion of the Company's first Annual General Meeting and the date falling 15 months after the passing of the Resolution;
  - (D) an Ordinary Resolution authorising the Directors to capitalise £312,500 (being part of the share premium account of the Company which will arise in connection with the issue of the Placing Shares at a premium to nominal value by paying up in full 31,250,000 Ordinary Shares to be issued, credited as fully paid up at par, and distributed to shareholders (on the register on the date on which the holders of the Ordinary Shares allotted by the Company as consideration under the Share Exchange Agreement are so registered) on the basis of 4 new Ordinary Shares for every 1 Ordinary Share then held.
  - (E) a Special Resolution that the Directors be empowered to allot equity securities pursuant to the authority referred to in sub-paragraph (C) above as if Section 89(1) of the Act did not apply to any such allotment provided that this authority was limited to:
    - (i) the allotment of up to 2,812,500 Ordinary Shares to certain founder shareholders of the Company;
    - (ii) the allotment of up to 31,250,000 Ordinary Shares pursuant to the bonus issue authorised by the resolution referred to in sub-paragraph (D) above;
    - (iii) the allotment of up to 22,000,000 Ordinary Shares pursuant to the Placing;
    - (iv) the allotment of Ordinary Shares pursuant to a rights issue or which are otherwise made generally available to all shareholders of the Company in proportion to their shareholdings;

- (v) the allotment of up to 20,031,250 Warrants;
  - (vi) in addition to sub-paragraphs (i)-(v) above, the allotment of equity securities for cash up to a maximum nominal value equivalent to 25% of the Company's issued ordinary share capital on Admission.
- (d) On 25 February 2005, the Company issued 2,812,500 Ordinary Shares at a price of 1p per share to certain founder shareholders of the Company.
  - (e) On 4 March 2005, the Company issued 5,000,000 Ordinary Shares, credited as fully paid at 5p per share to the shareholders of the Subsidiary pursuant to the Share Exchange Agreement.
- 2.2 The provisions of Section 89 of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are paid up in cash) apply to the authorised but unissued share capital of the Company except to the extent disapplied by the resolution referred to in sub-paragraph 2.1(c)(E) above.
- 2.3 On Admission, and without any requirement for a further Board or shareholder resolution, 31,250,000 Ordinary Shares will be allotted credited as fully paid by way of a bonus issue to certain shareholders pursuant to the resolution referred to in sub-paragraph (D) of paragraph 2.1(c) above.
- 2.4 Save as stated in this paragraph 2, there has been no increase or reduction in the authorised or issued share capital of the Company since the date of its incorporation.
- 2.5 The Placing Shares will rank *pari passu* in all respects with the existing Ordinary Shares including the right to receive all dividends and other distributions declared, made or paid after Admission on the ordinary share capital.
- 2.6 Save in respect of the Warrants, on Admission, no unissued share or loan capital of the Company or any of its subsidiaries will be under option or will be agreed conditionally or unconditionally to be put under option and there is no current intention to issue any of the authorised and unissued Ordinary Shares.
- 2.7 Save as disclosed in this paragraph 2, no share capital or loan capital of the Company has been issued for cash or other consideration within the period of two years prior to the date of this document and no such issue is proposed.

### **3 Memorandum and Articles of Association**

#### **3.1 Memorandum of Association**

The Memorandum of Association of the Company provides that the Company's principal object is to carry on business as a general commercial company. The objects of the Company are set out in clause 3 of its Memorandum of Association.

#### **3.2 Articles of Association**

The Articles of Association, as adopted by a Special Resolution of the Company passed on 25 February 2005 and which came into effect on 10 March 2005, include provisions to the following effect:

##### **(a) Voting of class rights and changes of capital**

- (i) The special rights attached to any class of shares may, subject to any applicable law, be altered or abrogated either with the consent in writing of the holders of three fourths in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of shares of that class.
  - (ii) The Company may by ordinary resolution or otherwise in accordance with applicable law increase its share capital, 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 and sub-divide its shares into shares of a smaller amount.
- (b) Subject to applicable law, the Company may by special resolution reduce its share capital or any capital redemption reserve and any share premium account in any way. Subject to applicable law, the Company may purchase its own shares.

##### **(c) Votes of members**

Subject to any rights or restrictions attached to any class of shares, at any general meeting, on a show of hands, every member who is present in person has one vote and, in the case of a poll, every member present in person or by proxy has one vote for every share of which he is the holder. Unless the directors otherwise determine no member is entitled to vote at a general meeting either personally or by proxy if he or any person appearing to be interested in shares held by him has been duly served with a notice under section 212 of the Act and is in default for the prescribed period in supplying to the Company the information required thereby or, unless the Directors determine otherwise, if any calls from him have not been paid.

(d) **Directors**

- (i) A director is not required to hold any qualification shares.
- (ii) The directors shall determine the amount of any fees payable to directors provided that they shall not in any year exceed an aggregate amount of £100,000 or such other sum as may from time to time be approved by ordinary resolution. Any such fees shall be divisible among the directors as they may agree, or failing agreement, equally. The directors are also entitled to be repaid all expenses properly incurred by them respectively in the performance of their duties. Any director who serves on a committee or who otherwise performs services that in the opinion of the directors are outside the scope of his ordinary duties as a director may be paid such extra remuneration as the directors may determine.
- (iii) The directors may establish and maintain, or procure the establishment and maintenance of, any pension or superannuation funds (whether contributory or otherwise) for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances and emoluments to, any persons who are or were at any time in the employment or service of the Company, or of any company which is a subsidiary of the Company or is allied to or associated with the Company or any such subsidiary or of any of the predecessors in business of the Company or any such other company as aforesaid, or who may be or have been directors or officers of the Company or of any such other company as aforesaid and who hold or have held executive positions or agreements for service with the Company or any such other company as aforesaid, and the wives, widows, families, connections and dependants of any such persons, and also establish, subsidise and subscribe to any institutions, associations, societies, clubs or funds calculated to be for the benefit of, or to advance the interests and well-being of the Company or of any such other company as aforesaid, or of any such person as aforesaid, and make payments for or towards the insurance of any such person as aforesaid and subscribe or guarantee money for charitable or benevolent objects, or for any exhibition or for any public, general or useful object, and do any of the matters aforesaid either alone or in conjunction with any such other company as aforesaid. Subject to particulars with respect to the proposed payment being disclosed to the members of the Company and to the proposal being approved by the Company by ordinary resolution, if the Act shall so require, any director who holds or has held any such executive position or agreement for services shall be entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance or emolument.
- (iv) The directors may from time to time appoint one or more of their body to be the holder of any executive office on such terms and for such period as they may determine.
- (v) Subject to the provisions of the Articles and the Act, a director notwithstanding his office:
  - (A) may be a party to, or otherwise interested in, any contract or arrangement with the Company or in which the Company is otherwise interested;
  - (B) may be a director or other officer of, or member of or otherwise interested in any other company promoted by the Company or in which the Company is otherwise interested;
  - (C) may hold any other office or otherwise under the Company and no such director shall be accountable for any remuneration or other benefits received by him; and
  - (D) 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 contract, transaction or arrangement or from any interest in any such body corporate, and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.
- (vi) Save as specifically provided in the Articles, a director may not vote in respect of any contract or arrangement in which he has any material interest otherwise, *inter alia*, 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 prohibited from voting.
- (vii) Subject to applicable law, 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:
  - (A) the giving of any guarantee, security or indemnity to a third party in respect of money lent or obligations incurred by him at the request or for the benefit of the Company or any of its subsidiary undertakings;
  - (B) the giving of security to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has guaranteed or secured in whole or in part;
  - (C) any contract or arrangement by a director to subscribe for shares, debentures or other securities of the Company issued or to be issued pursuant to any offer or invitation to members or debenture holders of the Company or any class thereof or to the public or any section thereof, or to underwrite any shares, debentures or other securities of the Company;

- (D) any contract or arrangement in which he is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;
  - (E) any contract or arrangement concerning any other company (not being a company in which the director and any persons connected with him do not to his knowledge hold an interest in shares, as that term is used in sections 198 to 211 of the Act representing one per cent. or more of any class of the equity share capital of, or the voting rights in, such company) in which he is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever;
  - (F) any proposal concerning the adoption, modification or operation of a pension fund or retirement death or disability benefits scheme which relates both to directors and employees of the Company or of any of its subsidiaries and does not provide in respect of any director as such any privilege or advantage not accorded to the employees to which such scheme or fund relates;
  - (G) any arrangement for the benefit of employees of the Company or of any of its subsidiaries under which the director benefits in a similar manner as the employees and which does not accord to any director as such any privilege or advantage not accorded to the employees to whom such arrangement relates;
  - (H) any proposal, contract, transaction or arrangement concerning the purchase or maintenance of insurance for the benefit of the directors or for the benefit of persons who include directors.
- (viii) Subject to any applicable law, the Company may by ordinary resolution suspend or relax any of the provisions of the Articles prohibiting a director from voting at a meeting of directors either generally or in relation to any particular matter, or ratify any transactions not duly authorised by reason of a contravention of such provision.
- (ix) No director shall be or become incapable of being appointed or remaining a director by reason of his having attained the age of 70 or any other age.
- (e) **Transfer of shares**
- All transfers of shares may be effected by transfer in writing in any usual form, or, if uncertificated shares are transferred in accordance with the Uncertificated Securities Regulations 2001, or in any other form acceptable to the directors and shall be executed by or on behalf of the transferor and, if the share is partly paid, the transferee. The directors may refuse to register any transfer of a share which is not fully paid or over which the Company has a lien provided such that refusal shall not prevent dealings in the shares on an open and proper basis. The Articles do not contain any restriction on the transferability of fully paid shares, provided that the Company has no lien over the shares, the transfer is in favour of not more than four joint transferees and in respect of only one class of shares and is duly stamped (if so required), the provisions in the Articles relating to the deposit of instruments of transfer have been complied with (if applicable) and the member is not in default of any notice duly served under section 212 of the Act as referred to in the Articles.
- (f) **Dividends and distribution of assets on liquidation**
- The holders of shares are entitled *pari passu* amongst themselves, but in proportion to the numbers of shares held by them and to the amounts paid up otherwise than in advance of calls on shares on which the dividend is paid, to share in the whole of the profits of the Company paid out as dividends and of the Company assets in the event of liquidation of the Company.
- (g) **Unclaimed dividends**
- Any dividend unclaimed after a period of 12 years from the date of its declaration shall be forfeited and shall revert to the Company.
- (h) **Borrowing powers**
- The directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets and uncalled capital, or any part thereof, and, subject to applicable law, to issue debentures and other securities.
- (i) **Treasury Shares**
- The Company is permitted to purchase, hold and deal with Ordinary Shares in accordance with the provisions of the Act.

#### **4 Directors' and Other Interests**

- 4.1 The interests of the Directors (all of which are beneficial unless otherwise stated) in the issued share capital of the Company which are required to be notified by each Director to the Company under the provisions of sections 324 and 328 of the Act or which are required to be disclosed in the Register of Directors Interests required to be

maintained pursuant to section 325 of the Act or which are interests of persons connected with the Directors within the meaning of section 346 of the Act, the existence of which is known or which could, with reasonable diligence, be ascertained by a Director as at the date of this document and as they are expected to be on Admission, are as follows:

<i>Director</i>	<i>As at the date of this document</i>		<i>On Admission</i>		
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Issued Share Capital</i>	<i>Number of Warrants</i>
L O'Neill	1,236,400	15.8	6,200,647	10.5	3,090,750
N Duxbury	1,236,200	15.8	6,200,047	10.5	3,090,500
W Robb	700,000	9.0	3,519,047	6.0	1,750,000
S Archibald	700,000	9.0	3,519,047	6.0	1,750,000

- 4.2 Save as set out in paragraph 4.1 above, following Admission none of the Directors will have, and no person connected with them (within the meaning of section 346 of the Act) is expected to have, any interest in the share capital of the Company or its Subsidiary.
- 4.3 Save for the above, or otherwise as disclosed in this Document, no Director has or has had any interest, whether direct or indirect, in any transaction which is or was unusual in its nature and conditions or significant to the business of the Group taken as a whole and which was entered into by any member of the Group during the current or immediately preceding financial year or which was effected during any earlier financial year and which remains in any respect outstanding or unperformed.
- 4.4 There are no outstanding loans granted by the Group to any of the Directors nor any guarantees provided by any member of the Group for their benefit.
- 4.5 Save as disclosed in paragraph 4.1 above and this paragraph 4.5, the Directors are not aware of any person who is now or who is expected to be on Admission directly or indirectly interested (within the meaning of Part VI of the Act) in three per cent. or more of the ordinary share capital of the Company:

	<i>As at the date of this document</i>		<i>On Admission</i>		
	<i>Number of Ordinary Shares</i>	<i>Percentage of Issued Share Capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Issued Share Capital</i>	<i>Number of Warrants</i>
Kerr Anderson	570,000	7.3	3,370,000	5.7	1,685,000
Vaughan Williams	570,000	7.3	3,370,000	5.7	1,685,000
Fraser Gardiner	570,000	7.3	3,370,000	5.7	1,685,000
Anne Carroll	400,000	5.1	2,400,000	4.1	1,200,000
Thomas and Philomena O'Gorman	400,000	5.1	2,400,000	4.1	1,200,000
Ragusa Capital plc*	–	–	5,904,761	10.0	–
Special Applications PVT Limited	840,000	10.8	1,840,000	3.1	920,000

\*Ragusa Capital plc is a company whose shares are listed on AIM. Nigel Duxbury and Lance O'Neill are both shareholders and directors of Ragusa Capital plc.

- 4.6 As at 23 March 2005, (being the last practicable date prior to publication of this document) and save as disclosed in this paragraph 4, the Directors are not aware of any person or persons who, directly or indirectly, jointly or severally, at the date of this document, exercise or could exercise control over the Company.

## 5 Directors' Service Agreements

- 5.1 On 23 March 2005, the Company entered into a service agreement with Lance O'Neill at a current annual salary of £20,000 per annum, terminable on 6 months' notice (not to expire earlier than 12 months from the commencement date). He is expected to spend up to one day per week on the business of the Company.
- 5.2 On 23 March 2005, the Company entered into a service agreement with Nigel Duxbury at a current annual salary of £20,000 per annum, terminable on 6 months' notice (not to expire earlier than 12 months from the commencement date). He is expected to spend up to one day per week on the business of the Company.
- 5.3 On 4 March 2005, the Company entered into a letter of appointment with Wilson Robb at a current annual salary of £3,500 per annum terminable on 6 months' notice (not to expire earlier than 12 months from the commencement date).



- 5.4 On 4 March 2005, the Subsidiary entered into a service agreement with Wilson Robb at a current annual salary of €85,000 per annum terminable on 6 months' notice (not to expire earlier than 12 months from the commencement date). Under the service agreement, Mr Robb is required to devote five days to his duties per week.
- 5.5 On 4 March 2005, the Company entered into a letter of appointment with Sandy Archibald at a current annual salary of £3,500 per annum terminable on 6 months' notice (not to expire earlier than 12 months from the commencement date).
- 5.6 On 4 March 2005, the Subsidiary entered into a service agreement with Sandy Archibald at a current annual salary of €25,000 per annum terminable on 6 months' notice (not to expire earlier than 12 months from the commencement date). Under the service agreement, Mr Archibald is required to devote one day to his duties per week.
- 5.7 Save as set out in paragraphs 5.1 to 5.6 above, there are no existing or proposed service contracts between the Directors and any company in the Group.
- 5.8 It is estimated that under the arrangements currently in force, the aggregate remuneration and benefits in kind to be paid to the Directors for the financial period ending 30 November 2005 will be £82,250.

## 6 Additional Information on the Board

- 6.1 Other than their directorships of the Company, directorships and partnerships currently held by the Directors and held over the five years preceding the date of this document are as follows:

<i>Director</i>	<i>Current</i>	<i>Past</i>
L O'Neill	e-primefinancial plc DFB (Australia) Pty Limited Orbier Investments Limited DFBR&A Limited Panini Divini Plc Infinity Financial Holdings Corporation Hirrah Holdings Pty Limited Ragusa Capital Plc EP&F Capital Plc Bullett Sports Management (LLC) Limited MediaZest Plc MediaZest Ventures Limited Ricmore PLC	Apollo Capital Limited Clipcrew Limited Argent International Limited Crescent Capital Limited Tymood Pty Limited Electric Group Limited
N Duxbury	e-primefinancial plc Infinity Financial Holdings Corporation Ragusa Capital Plc EP&F Capital Plc MediaZest Plc MediaZest Ventures Limited	Lombard Risk Management Plc Lombard Risk Systems Limited Lombard Teknos Systems Limited Lombard Risk Consultants Limited
W Robb	Aurum Exploration Limited Aurum Mineral Resources Limited Aurum Exploration Limited ( <i>Irish</i> ) Aurum Mineral Resources Limited ( <i>Irish</i> ) Aurum Mining (UK) Limited Argonaut Ventures Limited ( <i>Irish</i> ) Exploration and Discovery Limited ( <i>Irish</i> )	Geotreks Tours Limited Robb Geological Services Limited
S Archibald	Aurum Exploration Limited Aurum Mineral Resources Limited Argonaut Ventures Limited ( <i>Irish</i> )	None

- 6.2 Lance O'Neill was a director of Apollo Capital Limited, which was placed in members' voluntary liquidation on 15 November 2002. There was no shortfall to creditors.
- 6.3 Save as disclosed in paragraph 6.2 above none of the Directors has:
- (a) any unspent convictions in relation to indictable offences;
  - (b) had a bankruptcy order made against him or made an individual voluntary arrangement;



- (c) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary arrangement or made any composition or arrangement with its creditors generally or of any class of its creditors whilst he was a director of that company or within twelve months after he ceased to be a director of that company;
  - (d) been a partner in a partnership which has been placed in compulsory liquidation, administration or made a partnership voluntary arrangement whilst he was a partner in that partnership or within twelve months after he ceased to be a partner in that partnership;
  - (e) had any asset placed in receivership or any asset of a partnership in which he was a partner placed in receivership whilst he was a partner in that partnership or within twelve months after he ceased to be a partner in that partnership;
  - (f) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies);
  - (g) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a Company.
- 6.4 No Director or any member of a Director's family have a related financial product referenced to the Ordinary Shares.
- 6.5 Wilson Robb and Sandy Archibald are both directors and shareholders of Aurum Exploration Limited ("AEX"), an Irish company which provides geological consulting services to mining and exploration companies including the Subsidiary. The Directors (other than Wilson Robb and Sandy Archibald) do not consider the business of AEX to be in competition with the business of the Subsidiary.

## 7 Material Contracts

The following contracts, not being contracts entered into the ordinary course of business, have been entered into by the Group within the two years prior to the date of this document and are, or may be, material:

### 7.1 Placing Agreement

- (a) On 24 March 2005, the Company (1) the Directors (2) and CFA (3) entered into the Placing Agreement pursuant to which CFA has agreed conditionally, *inter alia*, upon Admission taking place not later than 4 April 2005 (or such later date as the Company and CFA may agree but, in any event, not later than 29 April 2005 (as agent of the Company) to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price.
- (b) Under the Placing Agreement, the Company has agreed to pay CFA the sum of £50,000 and to grant to CFA 500,000 Warrants exercisable at the Placing Price in the terms summarised in paragraph 7.5 below.
- (c) The Placing Agreement contains warranties from the Company and the Directors as to the accuracy of information contained in this Document and other matters relating to the Group and its business and the Directors have undertaken that they will not dispose of any Ordinary Shares without the consent of CFA for a period of one year from Admission and for the following year will only dispose of shares through CFA (or the Company's broker at the time). CFA will be entitled to terminate the Placing Agreement in certain specified circumstances, prior to Admission, principally in the event of a material breach of any of the warranties.
- (d) The Placing Agreement provides for the Company to pay the costs, charges and expenses of and incidental to the Placing, Admission and the issue of the Placing Shares including the legal expenses of CFA, printing and distribution costs, fees payable in connection with the registration of any documents, fees and expenses of the Registrars and the fees payable to the London Stock Exchange.

### 7.2 Nominated Adviser Agreement

On 24 March 2005, the Company (1) and CFA (2) entered into an Agreement whereby CFA has agreed to act as Nominated Adviser to the Company under the AIM Rules in relation to Admission and thereafter. CFA has further undertaken to provide its services as Nominated Adviser to the Company on a continuing basis following Admission in return for an annual fee of £16,500 (plus VAT where applicable). The Agreement contains certain indemnities by the Company in favour of CFA. The appointment is terminable upon the giving of not less than 3 months' notice by either party, except in certain circumstances where the appointment may be terminated immediately.

### 7.3 Broker Agreement

On 24 March 2005, the Company (1) and CFA (2) entered into an Agreement whereby, *inter alia*, CFA agreed to act as Broker to the Company under the AIM Rules from the date of Admission. The Agreement can be terminated by either party giving at least 3 months' written notice to the other. Under the Agreement, the Company has agreed to pay CFA a fee of £5,000 per annum (plus VAT where applicable) for its services.

#### 7.4 *Share Exchange Agreement*

- (a) On 4 March 2005 all of the then shareholders of the Subsidiary (“the Vendors”) (1) and the Company (2) entered into an Agreement pursuant to which the entire issued share capital of the Subsidiary was acquired by the Company in consideration of the allotment and issue to the Vendors of an aggregate of 5,000,000 Ordinary Shares, credited as fully paid at 5p per share.
- (b) The Share Exchange Agreement contains certain warranties from the Vendors and certain non-compete restrictions given by each of Wilson Robb and Sandy Archibald.

#### 7.5 *Warrants*

By a deed poll executed on 23 March 2005, the Company constituted up to 20,031,250 Warrants to subscribe for new Ordinary Shares at a price of 5.25p per Ordinary Share. The Warrants will not be admitted to trading on AIM or any other recognised investment exchange.

The principal terms of the Warrants are as follows:

- (a) each Warrant will entitle the holder thereof to subscribe for one Ordinary Share at a price of 5.25p per Ordinary Share;
- (b) it may be exercised at any time during the period from the date falling seven days after the preliminary announcement of the Company’s results for the period ending 30 November 2005 and ending on the tenth anniversary of Admission;
- (c) new Ordinary Shares issued on the exercise of the Warrants will rank for dividends or other distributions declared, made or paid by the Company after the date of exercise, but not before such date and will otherwise rank *pari passu* in all respects with the Ordinary Shares in issue on the date of such exercise;
- (d) the number of new Ordinary Shares issued on exercise of the Warrants and the subscription price may be adjusted upon a capitalisation of reserves, a rights issue or on a sub-division or consolidation of share capital;
- (e) the Warrants will be transferable in whole or in part by instrument of transfer in the usual or common form;
- (f) so long as any of the subscription rights under the Warrants remain exercisable, the Company will not without the sanction of an extraordinary resolution of the Warrantholders:
  - (i) issue any securities by way of capitalisation of reserves, or profits other than new Ordinary Shares credited as fully paid up;
  - (ii) issue any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves if as a result the Company would, on any subsequent exercise of the Warrants, be obliged to issue Ordinary Shares at a discount to nominal value; or
  - (iii) reduce its share capital (except for a reduction not involving any payment to, or release of, shareholders or on a redemption of redeemable shares or for purchases of shares in accordance with the Act) or any uncalled or unpaid liability in respect of any of its share capital or (except as authorised by the Act) any share premium account or capital redemption reserve; and
- (g) if a takeover offer is made to all holders of Ordinary Shares, the Company shall use reasonable endeavours to procure a comparable offer to Warrantholders.

#### 7.6 *Services Agreement with Aurum Exploration Limited*

By an agreement dated 1 January 2004, and taking effect on 1 March 2004, AMR entered into an agreement with Aurum Exploration Ltd (“AEX”) pursuant to which AEX agreed to provide the Company with mineral exploration management & field services, office based geological, IT & administrative services and data solutions services at the rates scheduled to the agreement.

### 8 **Litigation and arbitration**

There are no 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, during the twelve months prior to the publication of this document, a significant effect on the financial position of the Group.

### 9 **Working capital**

The Directors of the Company are of the opinion that, having made due and careful enquiry and taking into account the net proceeds of the Placing, the working capital available to the Group will, from the time of Admission, be sufficient for its present requirements, that is for at least the next 12 months.

### 10 **Taxation**

The following statements are intended only as a general guide to the current tax position under UK taxation law and practice. An investor 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.

### 10.1 *United Kingdom Taxation*

The statements set out below are general in nature and are intended only as a general guide to certain aspects of current UK law and practice and apply only to certain categories of persons. The summary does not purport to be a complete analysis of all the potential tax consequences of acquiring, holding and disposing of Ordinary Shares and only relates to the position of shareholders who are the beneficial owners of their Ordinary Shares and who hold their Ordinary Shares as investments; in particular it does not address the position of certain classes of shareholders, such as dealers in securities.

Prospective purchasers of Ordinary Shares who are in any doubt about their tax position, and in particular those who are subject to taxation in any jurisdiction other than the UK, are strongly recommended to consult their own tax advisers concerning the tax consequences of the acquisition, ownership and disposal of Ordinary Shares.

This summary is based upon UK law and practice as of the date of this document. UK law and practice may be subject to change, possibly with retroactive effect.

### 10.2 *Dividends*

No tax is withheld on dividends paid by the Company.

In respect of dividends on Ordinary Shares, individual shareholders who are resident in the UK for tax purposes are entitled to a tax credit at the rate of one ninth of the cash dividend or ten per cent, of the aggregate of the cash dividend and the associated tax credit. Dividend income will be treated as the top slice of an individual's income. Shareholders receiving dividends will be liable to income tax (if at all) on the aggregate of the dividend and the associated tax credit at, in the case of starting and basic rate taxpayers, the Schedule F ordinary rate (10 per cent. in 2004-2005) or, in the case of higher rate taxpayers, the Schedule F upper rate (32.5 per cent. in 2004-2005). The tax credit is offset against the total income tax liability. Taxpayers who, after taking into account dividend income, are liable to UK income tax at only the starting or basic rate will have no further liability to income tax. Higher rate taxpayers will, after taking into account the tax credit, have an additional tax liability of 25 per cent. of the cash dividend.

No repayment of the tax credit in respect of dividends can be claimed by a UK resident Shareholder.

Subject to certain exceptions for some insurance companies, UK tax resident corporate shareholders are not (unless carrying on a trade of dealing in shares) liable to UK corporation tax or income tax in respect of dividends.

Non-UK resident shareholders and shareholders subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser concerning their liabilities to tax on dividends received and the effect of the above changes for them.

### 10.3 *Taxation of chargeable gains*

A disposal of all or any part of a holding of Ordinary Shares may, depending on the shareholder's individual circumstances, give rise to a liability to pay UK taxation on chargeable gains. Individuals, personal representatives and trustees resident or ordinarily resident for tax purposes in the UK may be entitled to business asset taper relief which has the effect of reducing the chargeable gain. Corporate shareholders are not entitled to taper relief but may receive indexation allowance, which reduces the gain, broadly, by the value of inflation.

### 10.4 *UK Inheritance Tax*

The Ordinary Shares will be assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by, or on the death of, an individual holder of such assets may (subject to certain exemptions and reliefs, in particular Business Property Relief) give rise to a liability to UK inheritance tax. This is regardless of whether or not the individual holder is domiciled or deemed to be domiciled in the UK and whether or not the holder is resident and/or ordinarily resident in the UK for tax purposes. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply where the donor reserves or retains some interest or benefit in the property being transferred. Special rules also apply to close companies and to trustees of settlements who hold Ordinary Shares bringing them within the charge to UK inheritance tax.

### 10.5 *Stamp Duty and Stamp Duty Reserve Tax*

The subscription for Placing Shares pursuant to the Placing will be free of stamp duty and stamp duty reserve tax unless the Placing Shares are acquired for the purposes of an arrangement for the provision of clearance services or the issue of depository receipts. The Company will not be responsible for the payment of stamp duty or stamp duty reserve tax in any such case.

## 11 **General**

- 11.1 Nexia Audit Limited have given and not withdrawn their written consent to the inclusion in Part IV of this Document of their accountant's report on the Group, the references thereto and to their name in the form and context in which they appear.

- 11.2 Smith & Williamson Limited has given and not withdrawn its written consent to the inclusion of its name in this Document and the references to it in the form and context in which they appear.
- 11.3 CFA, which is regulated by the Financial Services Authority, has given and not withdrawn its written consent to the issue of this Document with the inclusion herein of the references to its name in the form and context in which they appear.
- 11.4 Irus Consulting has given and not withdrawn its written consent to the inclusion in Part III of this Document of its report, the references thereto and to its name in the form and context in which they appear.
- 11.5 Save as disclosed in this document, there have been no significant trends concerning the development of the business of the Group nor any significant acquisition or disposal of assets.
- 11.6 The expenses of and incidental to the Placing and Admission are estimated to amount to £200,000 (excluding Value Added Tax) together with the cost of the 500,000 Warrants to be issued to CFA. Of this amount £52,500 is payable to Nigel Duxbury and Lance O'Neill, both directors of the Company, in connection with services performed in connection with the Admission and Placing process.
- 11.7 The Ordinary Shares have not previously been sold, nor are they being made available under the Placing to the public.
- 11.8 No admission to listing or trading of the Placing Shares is being sought on any stock exchange other than AIM.
- 11.9 The Placing Price represents a premium of 4.25p over the nominal value of 1p per Ordinary Share.
- 11.10 Monies received by applicants pursuant to the Placing will be held in accordance with the terms of the application procedures determined by CFA. If Admission does not take place, monies will be returned to applicants as soon as practicable at their own risk and without interest.
- 11.11 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 Group's business.
- 11.12 Except as detailed in this document, no person (excluding professional advisers as stated in this document) has received, directly or indirectly, from the Company within the twelve months preceding the Company's application for Admission, and no persons have entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission:
- (a) fees totalling £10,000 or more;
  - (b) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or
  - (c) any other benefit with a value of £10,000 or more at the date of Admission.

## **12 Availability of this document**

Copies of this Document will be available during normal business hours at the offices of City Financial Associates Limited, Pountney Hill House, 6 Laurence Pountney Hill, London EC4R 0BL from the date of this document until one month following Admission.

Dated: 24 March 2005